

**WEST IRON COUNTY PUBLIC SCHOOL DISTRICT**

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**Financial Report  
with Supplemental Information  
Prepared in Accordance with GASB 34**

**June 30, 2006**

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## **INDEPENDENT AUDITOR'S REPORT**

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Education  
**West Iron County Public School District**  
601 Garfield Avenue  
Iron River, Michigan 49935

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **West Iron County Public School District**, as of and for the fiscal year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the **West Iron County Public School District's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

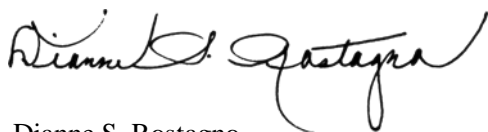
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Education, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **West Iron County Public School District** as of June 30, 2006, and the respective changes in financial position, thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2006 on our consideration of the **West Iron County Public School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

The administration's discussion and analysis and budgetary comparison information on pages 8 through 16 are not required parts of the basic financial statements but are supplemental information required by the *Governmental Accounting Standards Board* and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **West Iron County Public School District's** basic financial statements. The introductory section, and combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the **West Iron County Public School District**, Iron River, Michigan. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with a large, stylized initial "D".

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

August 25, 2006

## **ADMINISTRATION'S DISCUSSION AND ANALYSIS**

# WEST IRON COUNTY PUBLIC SCHOOLS

601 Garfield Avenue  
Iron River, Michigan 49935

Timothy A. Peruzzi  
Superintendent

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The **West Iron County Public School District** is a K-12 school district located in Iron County, Michigan.

The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be the **West Iron County Public School District's** discussion and analysis of the financial results for the fiscal year ended June 30, 2005.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

## **Fund Financial Statements**

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in the relevant funds, including Debt Service, Capital Projects, and the School Service Funds, which are comprised of Food Service and Athletics.

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term debt obligations are recorded as expenditures. Future years' debt obligations are not recorded.

## **District-wide Financial Statements**

The *District-wide Financial Statements* are full accrual basis statements. They report all of the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Fund solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets on the *District-wide Financial Statements*.



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## The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity and scholarship funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### Summary of Net Assets:

The following summarizes comparative the net assets at fiscal years ended June 30, 2006 and June 30, 2005:

<b><u>NET ASSETS SUMMARY</u></b>	<b><u>June 30, 2006</u></b>	<b><u>June 30, 2005</u></b>
<b>Assets</b>		
Current Assets	\$ 2028125	\$ 2133133
Capital Assets	14191506	13848584
Less: Accumulated Depreciation	<u>(5887811)</u>	<u>(5466978)</u>
Capital assets, net book value	8303695	8381606
<b>Net Assets</b>	<b>\$ <u>10331820</u></b>	<b>\$ <u>10514739</u></b>
<b>Liabilities</b>		
Current Liabilities	1583849	1492590
Long-term Liabilities	<u>6083982</u>	<u>6329005</u>
<b>Total Liabilities</b>	<b>7667831</b>	<b>7821595</b>
<b>Net Assets</b>		
Investment in capital assets, net of related debt	4541931	4435754
Reserved for Food Service	41700	42115
Reserved for Athletics	0	0
Reserved for Debt Service	383386	363860
Reserved for Sinking Fund Capital expense	1560	4969
Designated for Special Programs	0	0
Unrestricted	<u>(2304588)</u>	<u>(2153554)</u>
<b>Total Net Assets</b>	<b>2663989</b>	<b>2693144</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>10331820</u></b>	<b>\$ <u>10514739</u></b>

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## Analysis of Financial Position

During fiscal year ended June 30, 2006, the District's net assets decreased by \$ 29,155. A few of the significant factors affecting net assets during the year are discussed below:

### A. General Operating Fund Operations

The District's expenditures from General Operating Fund operations exceeded revenues by \$ 161,205. General Operating Fund revenues increased by \$ 150,160 from the last fiscal year, while General Operating Fund expenditures decreased by \$143,161 from the prior year.

### B. Debt, Principal Payments

The District made principal payments on long-term debt obligations that reduced the amount of the District's long-term liabilities as follows:

	<b>Balance July 01, <u>2005</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance June 30, <u>2006</u></b>
1997 Refunding Bonds	\$ 3830000	\$ 0	\$ 255000	\$ 3575000
Durant Resolution Bonds	93027	0	7048	85979
Canon Copier Lease	7670	0	3287	4383
Bleacher Refurbishing Loan	15156	0	4659	10497
Bus Lease	<u>0</u>	121810	35905	85905
Long-term Employee Benefits	<u>2653626</u>	<u>66684</u>	<u>76853</u>	<u>2643457</u>
<b>Totals</b>	<b>\$ 6599479</b>	<b>\$ 188494</b>	<b>\$ 382752</b>	<b>\$ 6405221</b>

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## C. Net Investment in Capital Assets

The District's comparative net investment in capital assets is as follows:

	<b>Balance June 30, <u>2005</u></b>		<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance June 30, <u>2006</u></b>
Capital Assets	\$ 13848584	\$	342922	\$ 0	\$ 14191506
Less: Accumulated Depreciation	(5466979)		(420832)	0	(5887811)
<b>Net Investment in Capital Assets</b>	<b>\$ <u>8381605</u></b>	<b>\$</b>	<b><u>(77910)</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>8303695</u></b>

	<b>Balance June 30, <u>2004</u></b>		<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance June 30, <u>2005</u></b>
Capital Assets	\$ 13649777	\$	490259	\$ 291452	\$13848584
Less: Accumulated depreciation	(5327261)		(416459)	(276741)	(5466979)
<b>Net Investment in Capital Assets</b>	<b>\$ <u>8322516</u></b>	<b>\$</b>	<b><u>73800</u></b>	<b>\$ <u>(14711)</u></b>	<b>\$ <u>8381605</u></b>

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## Results of Operations:

For the fiscal years ended June 30, 2006 and June 30, 2005, the District-wide comparative results of operations were as follows:

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
<b><u>Revenues</u></b>		
<b><i>General Revenues</i></b>		
Property taxes, levied for general operations	\$ 1789998	\$ 1751726
Property taxes, levied for debt service	447826	451752
Property taxes, levied for Sinking Fund improvements	87996	85004
Other taxes and Fees	9355	29844
State Aid, Unrestricted	5723494	5913741
Schools and roads grant	132716	123500
Interest and Investment Earnings	33362	23082
Other general revenues	<u>129548</u>	<u>169494</u>
<b><i>Total General Revenues</i></b>	<b>\$ 8354295</b>	<b>\$ 8548143</b>
<b><i>Operating Grants</i></b>		
Federal	1070086	886006
State of Michigan	1062501	957174
Other operating grants	<u>62476</u>	<u>72632</u>
<b><i>Total Operating Grants</i></b>	<b>2195063</b>	<b>1915812</b>
<b><i>Charges for Services</i></b>		
Instruction	31457	0
Food Service	131858	152994
Athletics	70741	62273
Community Internet	142325	179947
Day Care Program	76988	99301
Other Charges for Services	<u>0</u>	<u>38814</u>
<b><i>Total Charges for Services</i></b>	<b>453369</b>	<b>533329</b>
<b>Total Revenues</b>	<b>\$ 11002727</b>	<b>\$ 10997284</b>

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## Results of Operations: (Continued)

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
<b>Expenses:</b>		
Instruction	\$ 6457142	\$ 6547396
Support Services	3119161	3153806
Community Services	170595	282528
Food Services	456553	488667
Athletics	184578	188067
Interest on long-term debt	199085	203022
Other Costs	500	6130
Depreciation (Unallocated)	420832	416459
Intergovernmental payments	<u>23436</u>	<u>26040</u>
<b>Total Expenses</b>	<b>\$ 11031882</b>	<b>\$ 11312115</b>
<b>Non-operating Income (Expense)</b>	<b>0</b>	<b>137246</b>
<b>DECREASE IN NET ASSETS</b>	<b>(29155)</b>	<b>(177585)</b>
<b>BEGINNING NET ASSETS</b>	<b>2693144</b>	<b>2873539</b>
<b><i>Prior Period Adjustment</i></b>	<b><u>0</u></b>	<b><u>(2810)</u></b>
<b>ENDING NET ASSETS</b>	<b>\$ <u>2663989</u></b>	<b>\$ <u>2693144</u></b>

### 1. State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined with the following variables:

- State of Michigan State Aid Act per student foundation allowance.
- Student Enrollment - Blended at 80 percent of current year's fall count and 20 percent of prior year's winter count.
- The District's non-homestead levy.

### Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The **West Iron County School District's** foundation allowance was \$ 6,875 per student for the 2005-2006 school year.

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## Student Enrollment:

The District's enrollment for state aid membership purposes for 2005-2006 was 1171 students. The District's enrollment decreased slightly from the prior year's student count. The following summarizes fall student enrollments in the past five years:

	<u>Student FTE</u>
2005-2006	1119
2004-2005	1184
2003-2004	1189
2002-2003	1235
2001-2002	1255

## 2. Property Taxes Levied for General Operations (General Fund Non-Homestead)

The District levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase, or five percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property tax revenue for the 2005-2006 fiscal year was \$ 1,789,998. The non-homestead property tax levy increased slightly from the prior year.

The following summarizes the District's non-homestead property tax levy for the past five years:

	<u>Non-Homestead Tax Levy</u>	<u>Percent Increase From Prior Year</u>
2005-2006	\$ 1789998	2.18
2004-2005	1751726	5.22
2003-2004	1664873	0.80
2002-2003	1651652	4.97
2001-2002	1573526	6.02

Average increase last five years: 3.83%

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### 3. Debt Service and Sinking Fund Levy

The District's debt service fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties - both homestead and non-homestead. For the fiscal year ended June 30, 2006, the District's debt millage levy was 2.4000 mills, which generated revenue of \$ 447,826.

In addition, the District levied .4718 mills for sinking fund improvements, which generated revenue of \$87,996.

### 4. Food Sales to Students and Adults (School Lunch Program)

The District's food sales to students and adults decreased by approximately \$ 22,755 from the prior school year, or approximately 14.8%. This was due primarily to lower student enrollment and the fact that the District adopted a school calendar with fourteen fewer days of instruction, compared to the prior year.

#### General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in Required Supplemental Information of these financial statements. Changes to the General Fund original budget were as follows:

	<b>Revenues Original Budget</b>	<b>Revenues Final Budget</b>	<b>Revenues Final Actual</b>	<b>Revenues Variance Actual vs Original Budget</b>	<b>Revenues Variance Actual vs Final Budget</b>
<b>General Operating Funds</b>	\$ 9868515	\$ 9905025	\$ 9908126	\$ 39611	\$ 3101

	<b>Expenditures Original Budget</b>	<b>Expenditures Final Budget</b>	<b>Expenditures Final Actual</b>	<b>Expenditures Variance Actual vs Original Budget</b>	<b>Expenditures Variance Actual vs Final Budget</b>
<b>General Operating Funds</b>	\$ 10150571	\$ 10087786	\$ 10027658	\$ 122913	\$ 60128

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## **General Fund Budgetary Highlights (Continued)**

Budgeted revenues were increased by \$ 36,510, which is less than a 1 percent increase from the original budget.

Budgeted expenditures were decreased by \$ 62,785 from the original budgeted amounts, representing a less than 1 percent decrease.

There were no significant variances between the final budget and actual amounts.

## **Contacting the School District's Financial Management**

This financial report is designed to provide the School District's citizens, taxpayers, customers, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact:

### **West Iron County Public Schools**

School Business Office  
601 Garfield Avenue  
Iron River, Michigan 49935



## **BASIC FINANCIAL STATEMENTS**

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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## STATEMENT OF NET ASSETS

*JUNE 30, 2006*

### Governmental Activities

#### **ASSETS**

##### ***Current Assets***

Cash and Cash Equivalents (Note 3 )	\$ 471,519
Receivables	
Taxes	151,018
Accounts Receivable	40,007
Due from Other Governmental Units	1,253,427
Due from External Parties	402
Inventories	18,791
Prepaid Expenses	<u>92,961</u>

<b>Total Current Assets</b>	<b>2,028,125</b>
-----------------------------	------------------

##### ***Noncurrent Assets***

Capital Assets (Note 5 )	14,191,506
Less: Accumulated Depreciation (Note 5 )	<u>(5,887,811)</u>

<b>Total Noncurrent Assets</b>	<b><u>8,303,695</u></b>
--------------------------------	-------------------------

<b>TOTAL ASSETS</b>	<b>\$ 10,331,820</b>
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#### **LIABILITIES**

##### ***Current Liabilities***

Accounts Payable	45,775
Accrued Salaries and Benefits	1,189,591
Deferred Revenue	27,244
Loans Payable, Short-term	5,139
Lease Payable, Short-term	43,718
Bonds Payable, Due within one year (Note 8 )	<u>272,382</u>

<b>Total Current Liabilities</b>	<b>1,583,849</b>
----------------------------------	------------------

##### ***Noncurrent Liabilities***

Bonds Payable (Note 8 )	3,388,596
Loans Payable, Long-term	5,359
Lease Payable, Long-term	46,570
Compensated Absences Payable	2,523,028
Long-term Employee Benefits Payable	<u>120,429</u>

<b>Total Noncurrent Liabilities</b>	<b>6,083,982</b>
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<b>TOTAL LIABILITIES</b>	<b>\$ 7,667,831</b>
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The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**STATEMENT OF NET ASSETS  
(CONTINUED)**

*JUNE 30, 2006*

	<u><b>Governmental Activities</b></u>
<u><b>NET ASSETS</b></u>	
Invested in Capital Assets, Net of Related Debt	\$ 4,541,931
Reserved for Food Service	41,700
Reserved for Debt Services	383,386
Reserved for Sinking Fund Capital	1,560
Unreserved and Undesignated	<u>(2,304,588)</u>
<b>TOTAL NET ASSETS</b>	<b>\$ 2,663,989</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**STATEMENT OF ACTIVITIES**  
*FISCAL YEAR ENDED JUNE 30, 2006*

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net(Expense) Revenue and Changes in Net Assets
Primary Government -				
Government Activities:				
Instruction	\$ 6,457,142	\$ 31,457	\$ 1,694,083	\$ (4,731,602)
Support Services	3,119,161		164,875	(2,954,286)
Food Services	456,553	131,858	325,880	1,185
Athletics	184,578	70,741		(113,837)
Community Services	170,595	219,313		48,718
Interest/Fees on Long-Term Debt	199,085		10,225	(188,860)
Other Costs	500			(500)
Depreciation (Unallocated)	420,832			(420,832)
Intergovernmental Payments	23,436			(23,436)
Total Governmental Activities	\$ 11,031,882	\$ 453,369	\$ 2,195,063	\$ (8,383,450)
General Revenues:				
Taxes:				
Property taxes levied for general operations				1,789,998
Property taxes levied for debt service				447,826
Property taxes levied for sinking fund improvements				87,996
Penalties/interest on taxes				389
Other Taxes				8,966
State Aid, Unrestricted				5,723,494
Schools and Roads Grant				132,716
Interest and Investment Earnings				33,362
Other				129,548
Total General Revenues				8,354,295
Non-Operating Income (Expense)				
Ownership transfer of Bob Loo Building from external parties				
Payments to external parties				
Loss on the sale of assets				
Total Non-Operating Income (Expense)				-
Change in Net Assets				(29,155)
NET ASSETS - BEGINNING OF YEAR				2,693,144
NET ASSETS - END OF YEAR				\$ 2,663,989

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**BALANCE SHEET – GOVERNMENTAL FUNDS**

*JUNE 30, 2006*

	<b>General Operating Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>
<b><u>ASSETS</u></b>			
Cash and Investments (Note 3 )	\$ 142,165	\$ 4,026	\$ 319,053
Receivables:			
Taxes	111,176	6,150	33,692
Accounts Receivable	36,644	-	-
Due from Other Funds	47,317	-	30,641
Due from Other Governmental Units	1,197,845	-	-
Inventories	13,710	-	-
Prepaid Expenditures	92,961	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,641,818</u></b>	<b><u>\$ 10,176</u></b>	<b><u>\$ 383,386</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES</u></b>			
Accounts Payable	41,071	4,704	-
Accrued Salaries and Benefits	1,189,591	-	-
Due to Other Funds	49,824	3,912	-
Deferred Revenue (Note 7 )	22,464	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 1,302,950</b>	<b>\$ 8,616</b>	<b>\$ -</b>
<b><u>FUND BALANCES</u></b>			
Reserved for Sinking Fund Capital Outlay	-	1,560	-
Reserved for Debt Service	-	-	383,386
Reserved for Food Services	-	-	-
Reserved for Athletics	-	-	-
Designated for Special Programs	-	-	-
Unreserved and Undesignated	338,868	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 338,868</b>	<b>\$ 1,560</b>	<b>\$ 383,386</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,641,818</u></b>	<b><u>\$ 10,176</u></b>	<b><u>\$ 383,386</u></b>

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**BALANCE SHEET – GOVERNMENTAL FUNDS**

*JUNE 30, 2006*

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,275	\$ 471,519
-	151,018
3,363	40,007
95	78,053
55,582	1,253,427
5,081	18,791
	92,961
<b>\$ 70,396</b>	<b>\$ 2,105,776</b>
-	45,775
-	1,189,591
23,916	77,652
4,780	27,244
<b>\$ 28,696</b>	<b>\$ 1,340,262</b>
-	1,560
-	383,386
41,700	41,700
-	-
-	-
-	338,868
<b>\$ 41,700</b>	<b>\$ 765,514</b>
<b>\$ 70,396</b>	<b>\$ 2,105,776</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**GOVERNMENTAL FUNDS  
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS**

*JUNE 30, 2006*

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 765,514</b>
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Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities  
are not financial resources and are not  
reported in the funds.

The cost of capital assets is:	14,191,506
Accumulated depreciation is:	(5,887,811)

Long term liabilities are not due and payable  
in the current period and are not reported  
in the funds:

Bonds/Notes/Leases Payable	(3,761,764)
Compensated Absences/Other Benefits	(2,643,456)

Other long term assets not available to pay  
current period expenditures therefore  
deferred in the funds

-

Accrued interest is not included as a liability  
in governmental funds

-

<b>Total Net Assets - Governmental Activities</b>	<b><u>\$ 2,663,989</u></b>
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The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**GOVERNMENTAL FUNDS - STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES**

*YEAR ENDED JUNE 30, 2006*

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b><u>REVENUE</u></b>			
Local Revenue	\$ 2,182,068	\$ 90,006	\$ 465,891
State Revenue	6,595,449	-	10,225
Federal Revenue	864,069	-	-
Intergovernmental Payments			
Federal Sources	61,605		
State Sources	142,459		
Other Sources	62,476		
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUE</b>	<b>\$ 9,908,126</b>	<b>\$ 90,006</b>	<b>\$ 476,116</b>
<b><u>EXPENDITURES</u></b>			
<b><u>Current:</u></b>			
Instruction	6,493,867	-	-
Support Services	3,339,760	-	-
Community Services	170,595	-	-
Food Services	-	-	-
Athletics	-	-	
Debt Service			
Principal	-	-	302,612
Interest and Fees	-	-	198,722
Other costs	-	500	3,650
Capital Outlay	-	92,915	
Intergovernmental Payments			
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,004,222</b>	<b>\$ 93,415</b>	<b>\$ 504,984</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(96,096)</b>	<b>(3,409)</b>	<b>(28,868)</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Loan/Lease Proceeds	121,810	-	-
Payments to other governmental units	(23,436)	-	-
Operating transfers in		-	48,394
Operating transfers out	(163,483)		-
	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>(65,109)</b>	<b>-</b>	<b>48,394</b>
<b>Net Change in Fund Balances</b>	<b>(161,205)</b>	<b>(3,409)</b>	<b>19,526</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>500,073</b>	<b>4,969</b>	<b>363,860</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 338,868</b>	<b>\$ 1,560</b>	<b>\$ 383,386</b>
	<hr/>	<hr/>	<hr/>



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**GOVERNMENTAL FUNDS - STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCES**

*YEAR ENDED JUNE 30, 2006*

<b>Other Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 202,599	\$ 2,940,564
48,752	6,654,426
277,128	1,141,197
	61,605
	142,459
	62,476
-	-
<b>\$ 528,479</b>	<b>\$ 11,002,727</b>
-	6,493,867
-	3,339,760
	170,595
458,153	458,153
185,830	185,830
-	302,612
-	198,722
-	4,150
-	92,915
-	-
<b>\$ 643,983</b>	<b>\$ 11,246,604</b>
(115,504)	(243,877)
	121,810
	(23,436)
115,089	163,483
	(163,483)
<b>115,089</b>	<b>98,374</b>
<b>(415)</b>	<b>(145,503)</b>
42,115	911,017
<b>\$ 41,700</b>	<b>\$ 765,514</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**GOVERNMENTAL FUNDS**

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES**

*YEAR ENDED JUNE 30, 2006*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$(145,503)</b>
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Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures; in  
the statement of activities, these costs are allocated over their  
estimated useful lives as depreciation.

Depreciation Expense	(420,832)
Capital Outlay	342,922

Loan proceeds are considered to be other financing sources in the fund statements, but not in the statement of activities	(121,810)
--	-----------

Repayment of bond/loan principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long term debt)	305,899
--	---------

(Increases) Decreases in compensated absences are reported as expenditures when financial resources are used in the governmental funds in accordance with GASB Interpretation No. 6	(66,684)
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(Increases) Decreases in long-term employee benefits are reported as expenditures when financial resources are used in the governmental funds.	76,853
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<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (29,155)</b>
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The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**FIDUCIARY FUND**

**STATEMENT OF FIDUCIARY NET ASSETS**

*JUNE 30, 2006*

**ASSETS**

Cash and Cash Equivalents	\$ 1,293,832
Due From Student Groups	<u>500</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,294,332</b>

**LIABILITIES**

Due to Other Funds	595
Due to Student Groups	<u>146,830</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 147,425</b>

**NET ASSETS**

Reserved for Scholarships	<u>1,146,907</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,146,907</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

*YEAR ENDED JUNE 30, 2006*

**PRIVATE-PURPOSE TRUST FUND**

**SCHOLARSHIP FUND**

**ADDITIONS**

Gifts and Contributions	\$	17,360
Payments From Non-Governmental Funds		-
Investment Earnings		26,394
		<hr/>
<b>TOTAL ADDITIONS</b>	<b>\$</b>	<b>43,754</b>

**DEDUCTIONS**

Scholarships Awarded	47,140
Mini Grants Awarded	27,792
Capital Outlay	-
Other	482
	<hr/>
<b>TOTAL DEDUCTIONS</b>	<b>\$ 75,414</b>

<b>CHANGE IN NET ASSETS</b>	(31,660)
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NET ASSETS - BEGINNING OF YEAR	<hr/> 1,178,567
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<b>NET ASSETS - END OF YEAR</b>	<b><u><u>\$ 1,146,907</u></u></b>
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The notes to the financial statements are an integral part of this report.

## **NOTES TO THE FINANCIAL STATEMENTS**

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the **West Iron County Public School District** conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District's district-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

The District generally uses restricted assets first for expenses incurred for which both restricted assets and unrestricted assets are available. The District may defer the use of restricted assets based on a review of the specific transaction.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**District-wide and Fund Financial Statements  
(Continued)**

Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting and Financial  
Statement Presentation**

**District-wide Statements**

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the district-wide financial statements.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting and Financial  
Statement Presentation (Continued)**

**Fund-based Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is measurable and available. Revenue is considered to be available if it is collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting and Financial  
Statement Presentation (Continued)**

**Fund-based Statements (Continued)**

Property taxes, unrestricted State aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following governmental funds:

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting and Financial  
Statement Presentation (Continued)**

**Fund-based Statements (Continued)**

***General Fund***

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

***Iron County Community School Fund***

This fund is used to account for all financial resources collected for the Community School program. State Aid is allocated between the General Fund and Community School Fund based upon pupil membership counts.

For reporting purposes, the General Fund and the Community School Fund are combined to form the School District's General Operating Fund. This is reported as a major fund.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting and Financial  
Statement Presentation (Continued)**

**Fund-based Statements (Continued)**

***Capital Project Fund***

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

The capital project fund ("Sinking Fund") is considered to be a major fund for district-wide reporting purposes.

***Debt Retirement Fund***

These funds are used to account for the accumulated resources for, and the payment of, general long-term principal, interest, and related costs.

The Debt Retirement Fund is a major fund.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting and Financial  
Statement Presentation (Continued)**

**Fund-based Statements (Continued)**

***Special Revenue Funds***

These funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The School Service Funds are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School District maintains full control of these funds. The School Service Funds maintained by the School District are the Food Services Fund, and Athletic Activity Fund, both of which are considered to be non-major funds.

***Fiduciary Funds***

These funds are used to account for assets held by the School District in a trustee capacity or as an agent.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting and Financial  
Statement Presentation (Continued)**

**Fund-based Statements (Continued)**

***Fiduciary Funds (Continued)***

Fiduciary Fund net assets and results of operations are not included in the district-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District presently maintains a Student Activities Fund and a Scholarship Fund. The Student Activity fund is an Agency Fund and the Scholarship Fund is a private-purpose trust fund.

**Deposits and Investments**

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Receivables and Payables**

In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds".

**Property Taxes**

Property taxes are levied on July 01 and payable by September 15 each year. They become delinquent on March 01 of the following year. Property taxes are recognized when they become available. The County of Iron purchases all delinquent real property taxes during the second quarter of each year, resulting in total collection of real property taxes each year.



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Property Taxes (Continued)**

Delinquent personal property taxes are recorded as receivable if considered to be collectible within 60 days after year-end. For the year ended June 30, the School District levied 16.1936 operating mills (non-homestead only), and 2.4 mills for debt retirement.

In addition, on June 10, 2002, the voters of the **West Iron County Public School District** approved a levy for 15 years to establish a sinking fund for the purchase of real estate for sites for, and the construction or repair of, school buildings and all other purposes authorized by law. For the year ended June 30, the School District levied .4718 mills on its taxable valuation of \$182,224,034.

**State Revenue**

The State of Michigan uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**State Revenue (Continued)**

The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts.

The State portion of the foundation is provided primarily by a State education property tax millage of 6.00 mills (on both homestead and non-homestead property) and an allocated portion of the State sales and other taxes.

The local portion of the foundation is funded primarily by non-homestead property taxes levied at a rate of up to 18 mills.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**State Revenue (Continued)**

The State revenue is recognized during the foundation period (currently the fiscal year) and is funded through payments from October 2005 through August 2006. The School District also receives revenue from the State to administer certain categorical education programs.

State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

State, general, and categorical aids are recognized as revenue in the entitlement year. Federal aids for reimbursable programs are recognized as revenues in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenues.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Inventories and Prepaid Items**

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities inventory received by the Food Service Fund is recorded as both revenue and expense in the year received. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

**Capital Assets**

Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the district-wide financial statements.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Capital Assets (Continued)**

Capital assets are defined by the government as assets with an initial individual cost of more than \$ 1,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Contingent Liabilities**

***Unemployment***

Payroll and related withholding and expenses which have been earned by School District employees but not paid as of June 30 are recorded as a liability on the School District's balance sheet.

The School District is a reimbursing employer to the Michigan Employment Security Commission and as such is responsible to pay the Commission for those benefits paid and charged to its accounts. As of June 30, 2006 appropriate liabilities have been recorded for all claims paid by the Commission. However, no provision has been made for future payments that might result from claims in process or un-filed.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Compensated Absences***

**Sick Leave**

The various employment contracts and agreements covering the School District's personnel allow for the accumulation of sick leave as defined.

The master agreement between the **West Iron County Public School District's** Board of Education and the West Iron County Education Association provides that teachers receive 14 days of paid sick leave per year to a maximum of 300 days accumulated.

At retirement, teachers shall receive payment of accumulated sick leave at the rate of \$ 55 per day to a maximum of 205 days.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Compensated Absences (Continued)***  
**Sick Leave (Continued)**

To be eligible for payment at retirement, a teacher must have been an employee of the District for at least 10 consecutive years and must be eligible for retirement as stipulated by the Michigan Public School Employee's Retirement Act, which requires at least 15 years of service.

The current agreement between the **West Iron Public School District's** Board of Education and the West Iron County Educational Support Personnel Association - MEA contains the following provisions:



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Compensated Absences (Continued)***  
**Sick Leave (Continued)**

All employees are credited with 1 sick leave day per month in which at least 25% of the month was worked. Sick days can accumulate up to a maximum of 180 days.

At termination, accumulated sick leave is paid at 55% of total accumulated days at the rate of \$60 per day for full time employees, prorated for part-time employees at the time of retirement.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Compensated Absences (Continued)***  
***Sick Leave (Continued)***

To be eligible for such payment, the employee must have been an employee of the District for at least 10 consecutive years prior to retirement, and must be eligible for retirement as stipulated by the Michigan Public Employee's Retirement Act. This act requires a minimum of 15 years of service.

At June 30, 2006, the accumulated sick leave liability for all employees, including the related costs of FICA and retirement is estimated at \$ 2,705,075. Short-term benefits likely to be paid within the next 12 month period would result in a current liability of \$ 182,047. It is estimated that the long term liability (calculated at the applicable percentage and rate at retirement) is approximately \$2,523,028.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Non-Monetary Transactions**

Federal financial assistance received by school districts may include claims for reimbursement on reimbursable meals and milk served, cash in lieu of commodities, USDA donated commodities (both bonus and entitlement), discounts and rebates for the value of USDA donated commodity ingredients contained in processed foods (end products) provided by the state and federal processing program, respectively, and other payments for administrative costs, etc.

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Non-Monetary Transactions (Continued)**

On this basis, the District recognizes the USDA value of donated commodities (bonus and non-bonus) received and expended in the amount of \$ 21,981 for entitlement commodities, and bonus commodities of \$ 5,291.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Assets.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Long-Term Obligations (Continued)**

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond costs, during the current period.

Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information (Continued)**

State law requires the District to have its budget in place by July 01. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be re-appropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriation in  
Budgetary Funds**

**Budget Violations**

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**Excess of Expenditures Over Appropriation in  
Budgetary Funds (Continued)**

**Budget Violations (Continued)**

The **West Iron County Public School District's** actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the **West Iron County Public School District** were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2005-2006 expenditures exceeded the amended budget allocations as follows:

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>
<b><u>General Fund</u></b>			
Driver Education	\$ 24248	\$ 24164	\$ 84
Guidance	69320	61441	7879
Fiscal Services	147971	138585	9386
Pupil Transportation	<u>714344</u>	<u>603142</u>	<u>111202</u>
<b><u>Fund Modifications</u></b>			
Transfer to Debt Retirement	<u>48394</u>	<u>43287</u>	<u>5107</u>
<b>Total</b>	<b>\$ <u>1004277</u></b>	<b>\$ <u>870619</u></b>	<b>\$ <u>133658</u></b>



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**Fund Deficits**

At June 30, 2006, the School District had no fund deficit in any fund.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of the federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The School District's deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

These three levels of risk are as follows:

**Category 1**

Deposits which are insured or collateralized with securities held by the School District or its agent in the School District's name.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Category 2**

Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.

**Category 3**

Deposits which are not collateralized or insured.

Based on these three levels of risk, the School District's cash deposits are classified as follows:

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Totals</u>
Cash and Deposits	\$ 222579	\$ -0-	\$ 491018	\$ 713597

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and cash equivalents	\$ 471519	\$ 242078	\$ 713597
Investments	<u>0</u>	<u>1051754</u>	<u>1051754</u>
<b>Total</b>	<b>\$ <u>471519</u></b>	<b>\$ <u>1293832</u></b>	<b>\$ <u>1765351</u></b>

The breakdown between deposits and investments for the School District is as follows:

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Deposits (checking and savings accounts, certificates of deposit)	\$ 713323
Investment in securities, mutual funds, and similar Vehicles	1051754
Petty cash/Cash on hand	<u>274</u>
<b>Total</b>	<b>\$ <u>1765351</u></b>

The deposits of the School District were reflected in the accounts of financial institutions at \$ 713,323, of which \$222,579 is covered by federal depository insurance.

Investments are categorized into these categories of credit risk:

**Category 1** - Insured or registered, or securities held by the School District or its agent in the School District's name;

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Category 2** - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the School District's name; and

**Category 3** - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the School District's name.

At June 30, 2006, the School District's investment balances were categorized as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Investments	\$ 1051754	\$ -0-	\$ -0-	\$ 1051754	\$ 1051754

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 4 - RECEIVABLES**

Receivables as of year-end for the School District's individual major funds and the non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b><u>General Fund</u></b>	<b><u>Non-major and Other Funds</u></b>	<b><u>Total</u></b>
<b>Receivables:</b>			
Taxes	\$ 111176	\$ 39842	\$ 151018
Intergovernmental	1197845	55582	1253427
Other	<u>36644</u>	<u>3363</u>	<u>40007</u>
<b>Total Receivables</b>	<b>\$ <u>1345665</u></b>	<b>\$ <u>98787</u></b>	<b>\$ <u>1444452</u></b>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 4 – RECEIVABLES (CONTINUED)**

Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u><b>Unavailable</b></u>	<u><b>Unearned</b></u>
Grant and categorical aid payment not considered	\$ -0-	\$ -0-
Payments received prior to meeting all eligibility requirements	<u>-0-</u>	<u>27244</u>
<b>Total</b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>27244</u></b>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity of the School District's governmental activities was as follows:



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

	<b>Balance July 01, <u>2005</u></b>	<b><u>Additions</u></b>	<b><u>Disposals and Adjustments</u></b>	<b>Balance June 30, <u>2006</u></b>
<b>Assets not being depreciated:</b>				
Land	\$ 245000	\$ -0-	\$ -0-	\$ 245000
<b>Capital assets being depreciated:</b>				
Land Improvements	230778	8800	-0-	239578
Building and building Improvements	10394002	86962	-0-	10480964
Buses and other vehicles	808440	121810	-0-	930250
Furniture and equipment	<u>2170364</u>	<u>125350</u>	<u>-0-</u>	<u>2295714</u>
<b>Subtotal</b>	<b>\$ 13603584</b>	<b>\$ 342922</b>	<b>\$ -0-</b>	<b>\$ 13946506</b>
<b>Accumulated Depreciation:</b>				
Land Improvements	(102147)	(11539)	-0-	(113686)
Building and building Improvements	\$ (3311557)	\$ (201073)	\$ -0-	\$ (3512630)

(Continued on page 66)

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

(Continued from previous page)

	<b>Balance July 01, <u>2005</u></b>	<b><u>Additions</u></b>	<b>Disposals and <u>Adjustments</u></b>	<b>Balance June 30, <u>2006</u></b>
<b>Accumulated Depreciation: (Continued)</b>				
Buses and other vehicles	\$ (671505)	\$ (39856)	\$ -0-	\$ (711361)
Furniture and equipment	<u>(1381770)</u>	<u>(168364)</u>	<u>-0-</u>	<u>(1550134)</u>
<b>Subtotal</b>	<b>\$ <u>(5466979)</u></b>	<b>\$ <u>(420832)</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>(5887811)</u></b>
Net capital assets being depreciated	<u>8136605</u>	<u>(77910)</u>	<u>-0-</u>	<u>8058695</u>
<b>Net capital assets</b>	<b>\$ <u>8381605</u></b>	<b>\$ <u>(77910)</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>8303695</u></b>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of inter-fund balances is as follows:

**Do To/From Other Funds:**

The amounts of inter-fund receivables and payables as of June 30, 2006 were as follows:

<b><u>Fund</u></b>	<b><u>Inter-fund Receivable</u></b>	<b><u>Inter-fund Payable</u></b>
General fund	\$ 47317	\$ 30641
Food Service	95	23916
Student Activities	0	901
Debt Retirement	30641	0
Scholarships	500	0
Community Schools	0	19183
Capital Projects	0	3912
Athletics	<u>0</u>	<u>0</u>
<b>Totals</b>	<b>\$ <u>78553</u></b>	<b>\$ <u>78553</u></b>

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Operating Transfers**

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended June 30, 2006, the District authorized the following transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 0	\$ 163483
Food Service Fund	0	0
Athletic Fund	115089	0
Debt Retirement	<u>48394</u>	<u>0</u>
<b>Totals</b>	<b>\$ <u>163483</u></b>	<b>\$ <u>163483</u></b>

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 6 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**Other Financing Sources (Uses)**

The transfers of cash between various District funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

**NOTE 7 - DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2006, the deferred revenue was as follows:

	<u><b>Unavailable</b></u>	<u><b>Unearned</b></u>
Iron County Community Schools – Summer Recreation	\$ -0-	\$ 6967
General Fund		
Insurance/Other Prepayments	-0-	15497
Food Service – Student Lunch Cards	<u>-0-</u>	<u>4780</u>
<b>Total</b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>27244</u></b>

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk obligations.

Long-term obligation activity can be summarized as follows:

	<b>Balance July 01, <u>2005</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance June 30, <u>2006</u></b>
1997 Refunding Bonds	\$ 3830000	\$ -0-	\$ 255000	\$ 3575000
Durant Resolution Package				
Bonds	93027	-0-	7048	85979
Long-Term Employee				
Benefits	2653626	66684	76853	2643457
Canon Copier Lease	7670	-0-	3287	4383
Bleacher Refurbishing	15156	-0-	4659	10497
Bus/Municipal Lease	<u>-0-</u>	<u>121810</u>	<u>35905</u>	<u>85905</u>
<b>Totals</b>	<b>\$ <u>6599479</u></b>	<b>\$ <u>188494</u></b>	<b>\$ <u>382752</u></b>	<b>\$ <u>6405221</u></b>

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**1997 Refunding Bonds**

On November 01, 1997, the **West Iron County School District** issued 1997 Refunding Bonds in the amount of \$4,695,000. Bonds were issued for the purpose of refunding the District's 1992 School Building and Site Bonds dated May 01, 1992 and maturing in the years May 01, 2003 through May 01, 2017, and paying the cost of issuing the Bonds.

The Bonds are a full faith and credit unlimited tax general obligation of the School District, and the principal and interest will be payable from the proceeds of ad valorem taxes levied on all taxable property of the district without the limitation as to rate or amount.

The School District has designated the bonds as "Qualified Tax Exempt Obligations" under Section 265(b) (3) (B) of the Internal Revenue code of 1986, as amended.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**1997 Refunding Bonds (Continued)**

A refunding plan has been established, whereby a portion of Bond proceeds together with other funds of the District will be used to establish and fund an Escrow Fund to provide for payment of principal and interest and redemption premiums on the Prior Bonds. The Escrow Fund is held by the escrow agent pursuant to an Escrow Agreement which irrevocably directs the escrow agent to make all payments of principal and interest and redemption premiums on the Prior Bonds (being May 01, 2002) and to take all necessary steps to call Prior Bonds for redemption on the first call date.

The Bonds are dated November 01, 1997, are subject to redemption prior to maturity at the option of the Issuer in the manner and at the time as set forth in the Bonds, are of \$ 5000 denominations or any integral multiple thereof, mature serially on May 01 of each year, bearing interest payable on May 01, 1998, and semiannually thereafter on May 01 and November 01 of each year in the amounts and rates as follows:



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**1997 Refunding Bonds (Continued)**

	<u>May</u>		<u>November</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2006	\$	\$	\$ 89636	\$ 89636	4.60%
2007	265000	89636	83475	438111	4.65%
2008	275000	83475	76944	435419	4.75%
2009	285000	70033	62608	417641	4.80%
2010-2017	<u>2750000</u>	<u>337611</u>	<u>266092</u>	<u>3353703</u>	4.85-5.20%
<b>Total</b>	<b>\$ <u>3575000</u></b>	<b>\$ <u>580755</u></b>	<b>\$ <u>578755</u></b>	<b>\$ <u>4734510</u></b>	

**Durant Settlement**

The Durant class-action lawsuit resulted in a judgment of \$212 million against the State of Michigan. The State mandated specific special education programs, but failed to compensate local districts for the increased costs of the mandated programs.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**Durant Settlement (Continued)**

The local school districts that did not participate in the class-action lawsuit were offered a settlement in lieu of future litigation.

The Districts with settlement amounts greater than or equal to \$75,000 were to receive one-half of the settlement amount over a period of ten years beginning November 15, 1998.

Restrictions on the use of these funds are stated in 11f(6):school buses, electronic instructional material and software, school security, textbooks, technology, infrastructure or infrastructure improvement, training for technology, or to reduce or eliminate voter-approved debt that was issued prior to 11/19/97.

The District opted to participate in a bonding program, whereby the District would receive bond proceeds equal to the other half of the settlement amount (\$145,612).

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**Durant Settlement (Continued)**

The bonds were issued through the Michigan Municipal Bond Authority as School Loan Revenue Bonds, Series 1998. The proceeds of the bonds were to be used for capital expenditures and to pay costs of bond issuance, and were not to be used for maintenance costs.

The Durant bonds are considered to be a legal obligation of the District. The annual State of Michigan appropriation is the only revenue source for making the annual debt service payment on the bonds. If the legislature fails to appropriate the funds, the District is under no obligation for payment.

**School Improvement Bond Series 1998**

Repayment of the Principal Amount shall be made according to the following schedule until the full Principal Amount is repaid.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**School Improvement Bond, Series 1998 (Continued)**

In the event that the Authority elects to adjust the interest rates payable on this bond, the Authority may prepare and substitute a new payment schedule reflecting such adjustment, a copy of which shall be sent to the School District and to the Authority's Depository.

<b><u>Payment Dates Due on May 15</u></b>	<b><u>Amount of Principal Installment</u></b>	<b><u>Interest</u></b>	<b><u>Total Principal Installment and Interest Payable</u></b>
2007	\$ 7382.04	\$ 2841.60	\$ 10223.64
2008	7735.39	2490.11	10225.50
2009	8103.78	2121.81	10225.59

(Continued on page 77)

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**School Improvement Bond, Series 1998 (Continued)**

<b><u>Payment Dates Due on May 15</u></b>	<b><u>Amount of Principal Installment</u></b>	<b><u>Interest</u></b>	<b><u>Total Principal Installment and Interest Payable</u></b>
2010	\$ 8489.23	\$ 1735.96	\$ 10225.19
2011	8893.58	1331.75	10225.33
2012	9316.51	908.30	10224.81
2013	<u>36058.00</u>	<u>12194.83</u>	<u>48252.83</u>
<b>Total</b>	<b>\$ <u>85978.53</u></b>	<b>\$ <u>23624.36</u></b>	<b>\$ <u>109602.89</u></b>

Total Settlement Amount of \$ 291,224.00

Bonded Settlement Amount of \$ 145,612.00

Annual Interest Rate is 4.761353%

Average Life of bonds is 6.783 years

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**Canon Copier Lease**

On October, 15, 2004 the **West Iron County Public School District** entered into a lease agreement with Canon Financial Services, Inc., to purchase a Canon copier. There are 36 monthly payments of \$ 273.92, beginning in November 2004. The last payment is scheduled for October 2007, along with a \$ 1.00 purchase option.

**Bleacher Refurbishing Loan**

On September 14, 2004 the **West Iron County Public School District** received a loan from the Miners State Bank, in the amount of \$ 23,455.28, with an interest rate of 3.07 percent, for the bleacher refurbishing project. There are 5 annual payments of \$ 5,138.64, scheduled to begin September 15, 2005. The School District made a payment of \$ 8,871.00 on June 24, 2005, with money received from the 2004-2005 athletic gate surcharge fees. On June 30, 2006 the balance was \$ 10,497.21.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 8 – LONG-TERM DEBT (CONTINUED)**

**Long-Term Employee Benefits**

Long-Term Sick Leave Payable	\$	2523028
Long-Term Retirement Incentive Payable		<u>182047</u>
Total Long-Term Employee Benefits Payable	\$	2705075

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the School District. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN**

The School District contributes to the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension administered by the Michigan Department of Management and Budget, Office of Retirement Systems.

MPERS provides retirement, survivor, and disability benefits to public school employees. Eligibility and benefit provisions are governed under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. The annual report may be obtained by calling (517) 322-5103 or writing:

Department of Management and Budget  
Office of Retirement Systems  
P.O. Box 30673  
Lansing, Michigan 48909-8103



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)**

The School District is required by state statute to contribute 14.87% of covered payroll from July 01, 2005 through September 30, 2005 increasing to 16.34% from October 01, 2005 through June 30, 2006. Contributions to MPSERS are determined on an actuarial basis using the entry age normal actuarial cost method. Contribution requirements of plan members including the School District are established and may be amended only by state statute.

The School District's contributions to MPSERS for the years ending June 30, 2006, 2005, and 2004, were \$885,872, \$ 816,420, and \$ 750,391, respectively.

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)**

The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989, contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Basic Plan members make no contributions. Contributions collected and remitted by the School District on behalf of MIP members for the years ending June 30, 2006, 2005, and 2004 were \$ 148,218, \$ 155,169 and \$ 157,709, respectively, equal to the required contributions for the year.

**NOTE 11 – POST EMPLOYMENT BENEFITS**

In addition to the pension benefits, MPSERS provides comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 10 – EMPLOYEE RETIREMENT SYSTEM-DEFINED BENEFIT PLAN (CONTINUED)**

A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of the retiree. The portion provided by MPSERS is factored into the pension contribution rate.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

*Related parties* exist when there is a relationship that offers the potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 12 – RELATED PARTY TRANSACTIONS (CONTINUED)**

However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there were no related party transactions reported in the financial statements.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 13 – SUBSEQUENT EVENTS**

At fiscal year ended June 30, 2006, there were no subsequent events that would have a significant effect on the District's operations.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectibility of any related receivable at June 30, 2006 may be impaired.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*JUNE 30, 2006*

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**NOTE 15 - LEASES**

***Canon Copier***

On April 30, 2003, the **West Iron County Public School District** entered into a lease agreement with Canon Financial Services for a new copier in the high school building. Sixty monthly payments of \$ 598.20 are required.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**WEST IRON COUNTY PUBLIC SCHOOL DISTRICT**

## REQUIRED SUPPLEMENTAL INFORMATION

## BUDGETARY COMPARISON SCHEDULE - GENERAL OPERATING FUND

*YEAR ENDED JUNE 30, 2006*

		ORIGINAL	FINAL	
		BUDGET	AMENDED	
		BUDGET		ACTUAL
<b>REVENUE</b>				
Local Sources		\$ 2,141,213	\$ 2,182,160	\$ 2,182,068
State Sources		6,622,991	6,589,061	6,595,449
Federal Sources		872,646	874,095	864,069
Interdistrict and Other Sources		231,665	259,709	266,540
<b>TOTAL REVENUE</b>		<b>\$ 9,868,515</b>	<b>\$ 9,905,025</b>	<b>\$ 9,908,126</b>
<b>EXPENDITURES - CURRENT</b>				
<b>Instruction :</b>				
Basic Programs		3,896,459	3,972,279	3,920,236
Added Needs		2,623,730	2,573,747	2,540,179
Adult and Continuing Education		32,348	34,641	33,452
<b>Supporting Services :</b>				
Pupil		123,434	138,672	140,626
Instructional Staff		350,860	360,598	351,334
General Administration		270,884	284,408	267,372
School Administration		632,995	636,899	621,799
Business Services		213,529	138,585	147,971
Operation and Maintenance		1,035,549	1,043,273	1,017,711
Transportation		558,210	603,142	714,344
Other Supporting Services		-	-	-
Community Services		389,137	278,106	249,198
Intergovernmental Payments		23,436	23,436	23,436
Internon-governmental Payments		-	-	-
<b>TOTAL EXPENDITURES</b>		<b>\$10,150,571</b>	<b>\$10,087,786</b>	<b>\$ 10,027,658</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In		-	-	-
Operating Transfers (Out)		(158,988)	(163,287)	(163,483)
Loan / Lease Proceeds		-	-	121,810
<b>NET CHANGE IN FUND BALANCE</b>		<b>(441,044)</b>	<b>(346,048)</b>	<b>(161,205)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>		<b>500,073</b>	<b>500,073</b>	<b>500,073</b>
<b>FUND BALANCE - END OF YEAR</b>		<b>\$ 59,029</b>	<b>\$ 154,025</b>	<b>\$ 338,868</b>

The notes to the financial statements are an integral part of this report.



## **OTHER SUPPLEMENTAL INFORMATION**

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**OTHER SUPPLEMENTAL INFORMATION**

**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**

*JUNE 30, 2006*

	<u>Special Revenue Funds</u>		
	<u>Food Service</u>	<u>Athletics</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Investments (Note 3 )	\$ 6,275	\$ -	\$ 6,275
Accounts Receivable	58,945	-	58,945
Due from Other Funds	95	-	95
Inventories	5,081	-	5,081
<b>TOTAL ASSETS</b>	<b><u>\$ 70,396</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 70,396</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES</u></b>			
Deferred Revenue	4,780	-	4,780
Due to Other Funds	23,916	-	23,916
<b>TOTAL LIABILITIES</b>	<b><u>\$ 28,696</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 28,696</u></b>
<b><u>FUND BALANCES</u></b>			
Reserved for Food Services	41,700	-	41,700
Reserved for Athletics	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>41,700</u></b>	<b><u>-</u></b>	<b><u>41,700</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 70,396</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 70,396</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**OTHER SUPPLEMENTAL INFORMATION**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**

*YEAR ENDED JUNE 30, 2006*

	<u>Special Revenue Funds</u>		
	<u>Food Service</u>	<u>Athletics</u>	<u>Total</u>
<b><u>REVENUE</u></b>			
Local Revenue	\$ 131,858	\$ 70,741	\$ 202,599
State Revenue	48,752	-	48,752
Federal Revenue	<u>277,128</u>	<u>-</u>	<u>277,128</u>
<b>TOTAL REVENUE</b>	<b>\$ 457,738</b>	<b>\$ 70,741</b>	<b>\$ 528,479</b>
<b><u>EXPENDITURES</u></b>			
Current:			
Salaries	121,919	120,408	242,327
FICA/Retirement	29,652	23,764	53,416
Insurance	67,171	1,000	68,171
Other Benefits	2,456	99	2,555
Purchased Services	9,151	19,826	28,977
Supplies and Materials	225,289	6,799	232,088
Capital Outlay	1,600	1,252	2,852
Other	<u>915</u>	<u>12,682</u>	<u>13,597</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 458,153</b>	<b>\$ 185,830</b>	<b>\$ 643,983</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(415)	(115,089)	(115,504)
<b><u>Other Financing Sources (Uses)</u></b>			
Loan Proceeds			-
Operating transfers in	-	115,089	115,089
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>115,089</b>	<b>115,089</b>
<b>Net Change in Fund Balances</b>	<b>(415)</b>	<b>-</b>	<b>(415)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>42,115</u>	<u>-</u>	<u>42,115</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><b>\$ 41,700</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 41,700</b></u>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**COMBINING BALANCE SHEET – ALL GENERAL OPERATING FUNDS**

*JUNE 30, 2006*

	<b>GENERAL FUND</b>	<b>COMMUNITY SCHOOL FUND</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
Cash and Deposits	\$ 81,356	\$ 60,809	\$ 142,165
Taxes Receivable	111,176	-	111,176
Accounts Receivable :			
Federal	-	-	-
State	1,176,235	21,610	1,197,845
Other	32,464	4,180	36,644
Due From Other Funds	47,317	-	47,317
Inventory	13,070	640	13,710
Prepaid Expenses	92,961	-	92,961
<b>TOTAL ASSETS</b>	<b>1,554,579</b>	<b>87,239</b>	<b>1,641,818</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Accrued Benefits	496,960	-	496,960
Accounts Payable	41,071	-	41,071
Salaries Payable	692,631	-	692,631
Deferred Revenue	15,497	6,967	22,464
Due To Other Funds	30,641	19,183	49,824
<b>TOTAL LIABILITIES</b>	<b>1,276,800</b>	<b>26,150</b>	<b>1,302,950</b>
<b><u>FUND EQUITY</u></b>			
Fund Balance, Unreserved	277,779	61,089	338,868
<b>TOTAL FUND EQUITY</b>	<b>277,779</b>	<b>61,089</b>	<b>338,868</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,554,579</b>	<b>\$ 87,239</b>	<b>\$ 1,641,818</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE – ALL GENERAL OPERATING FUNDS**

*JUNE 30, 2006*

	<u>GENERAL FUND</u>	<u>COMMUNITY SCHOOL FUND</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>			
<b>Local Sources</b>			
Current Tax Levy	\$ 1,789,998	\$ -	\$ 1,789,998
Other Local Revenue	276,864	115,206	392,070
<b>State Sources</b>			
State Aid, Unrestricted	5,420,444	303,050	5,723,494
Restricted Grants	740,380	131,575	871,955
Other State Revenue	-	-	-
<b>Federal Sources</b>			
Restricted - Received through State	635,612	-	635,612
Other Federal Revenue	185,083	43,374	228,457
<b>Intergovernmental</b>	<u>235,540</u>	<u>31,000</u>	<u>266,540</u>
<b>TOTAL REVENUE</b>	<b>9,283,921</b>	<b>624,205</b>	<b>9,908,126</b>
<b><u>OTHER FINANCING SOURCES</u></b>			
Loan / Lease Proceeds	<u>121,810</u>	<u>-</u>	<u>121,810</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>9,405,731</b>	<b>624,205</b>	<b>10,029,936</b>
<b><u>EXPENDITURES</u></b>			
<b>Educational</b>			
Instructional	6,060,275	433,592	6,493,867
Supporting Services	3,132,860	206,900	3,339,760
<b>Community Services</b>	<u>145,510</u>	<u>25,085</u>	<u>170,595</u>
<b>TOTAL EXPENDITURES</b>	<b>9,338,645</b>	<b>665,577</b>	<b>10,004,222</b>
<b><u>OTHER FINANCING USES</u></b>			
Fund Modifications	163,483	-	163,483
Payments to Other Governmental Units	<u>23,436</u>	<u>-</u>	<u>23,436</u>
<b>TOTAL OTHER FINANCING USES</b>	<b>186,919</b>	<b>-</b>	<b>186,919</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>9,525,564</b>	<b>665,577</b>	<b>10,191,141</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(119,833)	(41,372)	(161,205)
<b>FUND BALANCE, JULY 1</b>	<u>397,612</u>	<u>102,461</u>	<u>500,073</u>
<b>FUND BALANCE, JUNE 30</b>	<u><b>\$ 277,779</b></u>	<u><b>\$ 61,089</b></u>	<u><b>\$ 338,868</b></u>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS**

*JUNE 30, 2006*

<b><u>ASSETS</u></b>	<b>FOOD SERVICE FUND</b>	<b>ATHLETIC FUND</b>	<b>TOTAL</b>
Cash	\$ 6,275	\$ -	\$ 6,275
Accounts Receivable :			
Federal	51,471	-	51,471
State	4,110	-	4,110
Other	3,364	-	3,364
Inventory	5,081	-	5,081
Due from Other Funds	95	-	95
<b>TOTAL ASSETS</b>	<b><u>\$ 70,396</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 70,396</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Due to Other Funds	23,916	-	23916
Deferred Revenue	4,780	-	4780
<b>TOTAL LIABILITIES</b>	<b>28,696</b>	<b>-</b>	<b>28696</b>
<b><u>FUND EQUITY</u></b>			
Fund Balance, Reserved	41,700	-	41700
<b>TOTAL FUND EQUITY</b>	<b><u>41,700</u></b>	<b><u>-</u></b>	<b><u>41700</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 70,396</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 70,396</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - ALL SPECIAL REVENUE FUNDS**

*FISCAL YEAR ENDED JUNE 30, 2006*

	<b>FOOD SERVICE FUND</b>	<b>ATHLETIC FUND</b>	<b>TOTAL</b>
<b><u>REVENUES</u></b>			
<b>Local Sources</b>			
Student Lunches / Breakfast	\$ 109,604	\$ -	\$ 109,604
Adult Lunches	12,707	-	12,707
Milk and Ala Carte Sales	3,751	-	3,751
General Admissions and Other	5,796	70,741	76,537
<b>Total Local Sources</b>	<b>131,858</b>	<b>70,741</b>	<b>202,599</b>
<b>State Sources</b>			
School Breakfast Program	29,263	-	29,263
School Lunch Program	19,489	-	19,489
<b>Total State Sources</b>	<b>48,752</b>	<b>-</b>	<b>48,752</b>
<b>Federal Sources</b>			
Restricted - Received through State	249,856	-	249,856
USDA Entitlement Commodities	21,981	-	21,981
USDA Bonus Commodities	5,291	-	5,291
<b>Total Federal Sources</b>	<b>277,128</b>	<b>-</b>	<b>277,128</b>
<b>TOTAL REVENUES</b>	<b>457,738</b>	<b>70,741</b>	<b>528,479</b>
<b><u>EXPENDITURES</u></b>			
Professional Salaries	-	85,733	85,733
Nonprofessional Salaries	121,919	34,675	156,594
FICA/Retirement	29,652	23,764	53,416
Insurance	67,171	1,000	68,171
Other Benefits	2,456	99	2,555
Purchased Services	9,151	19,826	28,977
Supplies and Materials	225,289	6,799	232,088
Capital Outlay	1,600	1,252	2,852
Other	915	12,682	13,597
<b>TOTAL EXPENDITURES</b>	<b>\$ 458,153</b>	<b>\$ 185,830</b>	<b>643,983</b>
Excess of Revenues Over (Under) Expenditures	(415)	(115,089)	(115,504)

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - ALL SPECIAL REVENUE FUNDS  
(CONTINUED)**

*FISCAL YEAR ENDED JUNE 30, 2006*

	<b>FOOD SERVICE FUND</b>	<b>ATHLETIC FUND</b>	<b>TOTAL</b>
<b>Other Financing Sources (Uses)</b>			
Loan Proceeds	\$ -	\$ -	\$ -
Operating Transfers In	-	115,089	115,089
Operating Transfers (Out)	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>115,089</b>	<b>115,089</b>
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (415)	 -	 (415)
 FUND BALANCE, JULY 1	 <hr/> 42,115	 <hr/> -	 <hr/> 42,115
<b>FUND BALANCE, JUNE 30</b>	<b><u><u>\$ 41,700</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ 41,700</u></u></b>

The notes to the financial statements are an integral part of this report.



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**GENERAL FUND - COMPARATIVE BALANCE SHEET**

*JUNE 30, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
Cash and Deposits	\$ 81,356	\$ 195,812
Accounts Receivable :		
Federal	-	37,648
State	1,176,235	1,245,875
Other	32,464	48,785
Taxes Receivable	111,176	40,620
Due From Other Funds	47,317	18,437
Inventory	13,070	17,211
Prepaid Expenses	<u>92,961</u>	<u>58,468</u>
 <b>TOTAL ASSETS</b>	 <b><u>\$ 1,554,579</u></b>	 <b><u>\$ 1,662,856</u></b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Accrued Benefits	496,960	499,061
Accounts Payable	41,071	1,271
Salaries Payable	692,631	704,600
Due To Other Funds	30,641	56,712
Deferred Revenue	<u>15,497</u>	<u>3,600</u>
 <b>TOTAL LIABILITIES</b>	 <b>\$ 1,276,800</b>	 <b>\$ 1,265,244</b>
 <b><u>FUND EQUITY</u></b>		
Fund Balance, Unreserved & Undesignated	<u>277,779</u>	<u>397,612</u>
 <b>TOTAL FUND EQUITY</b>	 <b>277,779</b>	 <b>397,612</b>
 <b>TOTAL LIABILITIES AND FUND EQUITY</b>	 <b><u>\$ 1,554,579</u></b>	 <b><u>\$ 1,662,856</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2006

*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

	<b>FISCAL YEAR ENDED JUNE 30, 2006</b>			<b>FISCAL YEAR ENDED 6/30/05</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>	
<b><u>REVENUES</u></b>				
<b><u>LOCAL SOURCES</u></b>				
Current Tax Levy	\$ 1,789,998	\$ 1,795,888	\$ (5,890)	\$ 1,751,726
Other Taxes	1,276	345	931	12,239
Penalties and Interest on Delinquent Taxes	343	6,000	(5,657)	10,714
Interest Income	18,421	15,400	3,021	13,613
Other Local Revenue	92,276	85,806	6,470	124,351
Internet	142,325	141,875	450	179,947
Driver Education Fees	20,323	20,323	-	26,905
Miscellaneous Sales	1,900	1,900	-	7,472
<b>TOTAL REVENUES FROM LOCAL SOURCES</b>	<b>2,066,862</b>	<b>2,067,537</b>	<b>(675)</b>	<b>2,126,967</b>
<b><u>STATE SOURCES</u></b>				
Foundation Allowance	5,420,444	5,455,686	(35,242)	5,623,095
At Risk	326,869	327,135	(266)	338,282
Special Education	385,272	342,356	42,916	255,414
Vocational Education	13,678	13,678	-	14,850
Gifted and Talented	-	-	-	168
Driver Education	-	-	-	6,846
Restricted State Aid - Durant	14,561	14,561	-	14,561
<b>TOTAL REVENUES FROM STATE SOURCES</b>	<b>6,160,824</b>	<b>6,153,416</b>	<b>7,408</b>	<b>6,253,216</b>
<b><u>FEDERAL SOURCES</u></b>				
Title I	277,741	290,494	(12,753)	298,115
Title I Carryover	18,801	18,801	-	21,097
Title II Part A	85,408	87,638	(2,230)	83,795
Title II Part A Carryover	6,946	6,946	-	-
Title II Part D	5,158	5,158	-	7,804
Title V Part A	3,808	9,321	(5,513)	14,463
Schools and Roads Grant	132,716	132,716	-	123,500
Reading First	237,750	237,750	-	-
FIA - Strong Families/Safe Children	40,181	40,181	-	77,082
Michigan Works	12,186	12,186	-	-
<b>TOTAL REVENUES FROM FEDERAL SOURCES</b>	<b>820,695</b>	<b>841,191</b>	<b>(20,496)</b>	<b>625,856</b>
<b>TOTAL REVENUES</b>	<b>\$ 9,048,381</b>	<b>\$ 9,062,144</b>	<b>\$ (13,763)</b>	<b>\$ 9,006,039</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND -SUPPLEMENTAL SCHEDULE OF REVENUES – ACTUAL COMPARED  
TO BUDGET  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006  
*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

	<u>FISCAL YEAR ENDED JUNE 30, 2006</u>			<u>FISCAL</u>
			<u>VARIANCE</u>	<u>YEAR</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAVORABLE</u>	<u>ENDED</u>
			<u>(UNFAVORABLE)</u>	<u>6/30/2005</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Payments From Other				
Governmental Units :				
Federal Sources	\$ 61,605	\$ 59,274	\$ (2,331)	\$ 53,912
State Sources	142,459	142,459	-	157,484
Other Sources	<u>31,476</u>	<u>31,476</u>	<u>-</u>	<u>37,740</u>
<b>Total Payments From Other</b>				
Governmental Units	<b>235,540</b>	<b>233,209</b>	<b>(2,331)</b>	<b>249,136</b>
 Proceeds From Capital Lease	<u>121,810</u>	<u>-</u>	<u>(121,810)</u>	<u>9,861</u>
 <b>TOTAL OTHER FINANCING</b>				
<b>SOURCES</b>	<b>357,350</b>	<b>233,209</b>	<b>(124,141)</b>	<b>258,997</b>
 <b>TOTAL REVENUES AND OTHER</b>				
<b>FINANCING SOURCES</b>	<u><b>\$ 9,405,731</b></u>	<u><b>\$ 9,295,353</b></u>	<u><b>\$ (137,904)</b></u>	<u><b>\$ 9,265,036</b></u>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND -SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for Fiscal Year Ended June 30, 2005)

<u>INSTRUCTION</u>	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/2005
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<b><u>BASIC PROGRAMS</u></b>				
<b><u>Elementary</u></b>				
<b>Stambaugh Elementary</b>				
Professional Salaries	\$ 854,508	\$ -	\$ -	\$ 906,720
Insurance	229,892			242,570
FICA / Retirement	206,680			205,515
Other Benefits	21,752			49,718
Purchased Services	16,418			2,400
Supplies and Materials	34,224			50,755
Other	278	-	-	186
<b>Total Stambaugh Elementary</b>	<b>1,363,752</b>	<b>1,393,153</b>	<b>29,401</b>	<b>1,457,864</b>
<b>Class Size Reduction</b>				
Professional Salaries	61,076	-	-	50,971
Insurance	13,699			14,207
FICA / Retirement	14,506			11,486
Other Benefits	100			100
Purchased Services	2,972	-	-	7,030
<b>Total Class Size Reduction</b>	<b>92,353</b>	<b>94,581</b>	<b>2,228</b>	<b>83,794</b>
<b>Total Elementary</b>	<b>1,456,105</b>	<b>1,487,734</b>	<b>31,629</b>	<b>1,541,658</b>
<b><u>Middle School</u></b>				
Professional Salaries	614,793	-	-	719,992
Insurance	189,754			188,489
FICA / Retirement	146,673			163,140
Other Benefits	29,053			47,742
Purchased Services	2,790			3,915
Supplies and Materials	38,982			42,787
Capital Outlay	-			7,903
Other	354	-	-	358
<b>Total Middle School</b>	<b>\$ 1,022,399</b>	<b>\$ 1,034,597</b>	<b>\$ 12,198</b>	<b>\$ 1,174,326</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND -SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006

*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

<b>INSTRUCTION (continued)</b>	<b>FISCAL YEAR ENDED JUNE 30, 2006</b>			<b>FISCAL YEAR ENDED 6/30/2005</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE Favorable (Unfavorable)</b>	
<b><u>BASIC PROGRAMS</u></b>				
<b><u>High School</u></b>				
Professional Salaries	\$ 743,208	\$ -	\$ -	\$ 693,160
Insurance	218,650			215,582
FICA / Retirement	178,376			157,509
Other Benefits	51,332			64,951
Purchased Services	50,599			44,730
Supplies and Materials	14,244			18,339
Capital Outlay	-			23,821
Other	3,161	-	-	3,754
<b>Total High School</b>	<b>1,259,570</b>	<b>1,267,615</b>	<b>8,045</b>	<b>1,221,846</b>
<b>TOTAL BASIC PROGRAMS</b>	<b>\$ 3,738,074</b>	<b>\$ 3,789,946</b>	<b>\$ 51,872</b>	<b>\$ 3,937,830</b>
<b><u>ADDED NEEDS</u></b>				
<b><u>Special Education</u></b>				
Professional Salaries	\$ 525,962	\$ -	\$ -	\$ 569,880
Nonprofessional Salaries	60,911			58,359
Insurance	196,646			194,728
FICA / Retirement	139,338			142,441
Other Benefits	16,719			30,470
Purchased Services	580			3,035
Supplies and Materials	7,376			9,869
Other	3,721	-	-	753
<b>Total Special Education</b>	<b>951,253</b>	<b>966,657</b>	<b>15,404</b>	<b>1,009,535</b>
<b>Reading First</b>				
Professional Salaries	96,358	-	-	-
Insurance	25,481			-
FICA/Retirement	22,242			-
Purchased Services	5,754			-
Supplies and Materials	82,913			-
Capital Outlay	1,685			-
Other	3,317	-	-	-
<b>Total Reading First</b>	<b>237,750</b>	<b>237,750</b>	<b>-</b>	<b>-</b>
<b>Compensatory Education</b>				
<b><u>Title I</u></b>				
Professional Salaries	104,499	-	-	142,140
Nonprofessional Salaries	55,886			39,812
Insurance	80,366			80,997
FICA / Retirement	37,556			38,051
Other Benefits	550			1,589
Purchased Services	14,488			10,923
Supplies and Materials	2,025			3,464
Other	1,172	-	-	2,236
<b>Total Compensatory Education</b>	<b>\$ 296,542</b>	<b>\$ 309,265</b>	<b>\$ 12,723</b>	<b>\$ 319,212</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for Fiscal Year Ended June 30, 2005)

<b>INSTRUCTION (continued)</b>	<b>FISCAL YEAR ENDED JUNE 30, 2006</b>			<b>FISCAL YEAR ENDED 6/30/2005</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE Favorable (Unfavorable)</b>	
<b><u>ADDED NEEDS</u></b>				
<b>Gifted Program</b>				
Purchased Services	\$ -	\$ -	\$ -	\$ 284
<b>    Total Gifted Program</b>	-	-	-	284
<b>Driver Education</b>				
Professional Salaries	14,405	-	-	15,588
Insurance	655			638
FICA/Retirement	3,399			3,435
Purchased Services	4,470			3,834
Supplies and Materials	1,319	-	-	1,391
<b>    Total Driver Education</b>	24,248	24,164	(84)	24,886
<b>Strong Families / Safe Children</b>				
Professional Salaries	6,571	-	-	45,186
FICA/Retirement	1,396			9,705
Purchased Services	11,295			9,529
Supplies and Materials	633	-	-	3,190
<b>    Total Strong Families / Safe Children</b>	19,895	19,902	7	67,610
<b>Vocational Education</b>				
Professional Salaries	242,970	-	-	242,147
Nonprofessional Salaries	14,353			11,929
Insurance	76,755			69,551
FICA / Retirement	61,065			56,008
Other Benefits	550			-
Purchased Services	7,650			8,577
Supplies and Materials	33,750			56,596
Capital Outlay	26,391			1,482
Other	1,894	-	-	3,297
<b>    Total Vocational Education</b>	\$ 465,378	\$ 466,944	\$ 1,566	\$ 449,587

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for Fiscal Year Ended June 30, 2005)

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/2005
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<b><u>INSTRUCTION (continued)</u></b>				
<b><u>ADDED NEEDS</u></b>				
<b>At Risk</b>				
Professional Salaries	\$ 172,160	\$ -	\$ -	\$ 164,393
Nonprofessional Salaries	46,128			46,535
Insurance	42,403			65,111
FICA / Retirement	51,598			47,239
Other Benefits	250			1,551
Purchased Services	1,650			-
Supplies and Materials	12,946	-	-	13,426
<b>Total At Risk</b>	<b>327,135</b>	<b>328,408</b>	<b>1,273</b>	<b>338,255</b>
<b>TOTAL ADDED NEEDS</b>	<b>2,322,201</b>	<b>2,353,090</b>	<b>30,889</b>	<b>2,209,369</b>
<b>TOTAL INSTRUCTION</b>	<b>\$ 6,060,275</b>	<b>\$ 6,143,036</b>	<b>\$ 82,761</b>	<b>\$ 6,147,199</b>
 <b><u>SUPPORTING SERVICES</u></b>				
<b><u>PUPIL SERVICES</u></b>				
<b>Guidance</b>				
Professional Salaries	\$ 27,243	\$ -	\$ -	\$ 40,350
Insurance	6,830			9,703
FICA / Retirement	8,323			9,035
Other Benefits	24,353			75
Purchased Services	1,015			2,345
Supplies and Materials	1,556			686
Other	-	-	-	10
<b>Total Guidance</b>	<b>69,320</b>	<b>61,441</b>	<b>(7,879)</b>	<b>62,204</b>
<b>Health Services</b>				
Professional Salaries	455	-	-	-
FICA/Retirement	109			-
Purchased Services	4,003			4,752
Supplies and Materials	-	-	-	626
<b>Total Health Services</b>	<b>\$ 4,567</b>	<b>\$ 5,245</b>	<b>\$ 678</b>	<b>\$ 5,378</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for Fiscal Year Ended June 30, 2005)

<b>SUPPORTING SERVICES (continued)</b>	<b>FISCAL YEAR ENDED JUNE 30, 2006</b>			<b>FISCAL YEAR ENDED 6/30/2005</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE Favorable (Unfavorable)</b>	
<b><u>PUPIL SERVICES</u></b>				
<b>Other Pupil Services</b>				
Professional Salaries	\$ 14,040	\$ -	\$ -	\$ 14,436
Nonprofessional Salaries	24,258			22,389
Insurance	14,155			14,155
FICA / Retirement	9,014			8,137
Purchased Services	1,082			1,169
Supplies and Materials	-			20
Other	671	-	-	-
	63,220	65,486	2,266	60,306
<b>Total Other Pupil Services</b>				
<b>TOTAL PUPIL SERVICES</b>	137,107	132,172	(4,935)	127,888
 <b><u>INSTRUCTIONAL STAFF</u></b>				
<b>Library</b>				
Professional Salaries	103,093	-	-	51,460
Insurance	27,492			14,087
FICA / Retirement	24,418			11,522
Other Benefits	200			100
Purchased Services	1,000			402
Supplies and Materials	7,370			4,848
Capital Outlay	-			2,500
Other	124	-	-	-
	\$ 163,697	\$ 167,539	\$ 3,842	\$ 84,919
<b>Total Library</b>				
<b>Technology</b>				
Professional Salaries	42,840	-	-	45,204
Nonprofessional Salaries	3,625			184
Insurance	15,063			14,133
FICA / Retirement	10,441			9,920
Other Benefits	100			140
Purchased Services	24,427			21,688
Supplies and Materials	7,556			6,862
Capital Outlay	72,761			43,296
Other	-	-	-	-
	\$ 176,813	\$ 182,045	\$ 5,232	\$ 141,427
<b>Total Technology</b>				

The notes to the financial statements are an integral part of this report.



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006

(With Comparative Totals for Fiscal Year Ended June 30, 2005)

<b>SUPPORTING SERVICES (continued)</b>	<b>FISCAL YEAR ENED JUNE 30, 2006</b>			<b>FISCAL YEAR ENDED 6/30/2005</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE Favorable (Unfavorable)</b>	
<b><u>INSTRUCTIONAL STAFF</u></b>				
<b>School Improvement</b>				
Nonprofessional Salaries	\$ 6,105	\$ -	\$ -	\$ 14,322
Insurance	-			4,727
FICA / Retirement	1,471			3,218
Other Benefits	100			-
Purchased Services	1,290	-	-	-
<b>Total School Improvement</b>	<b>8,966</b>	<b>8,966</b>	<b>-</b>	<b>22,267</b>
<b>Professional Development</b>				
Professional Salaries	845	-	-	-
FICA/Retirement	202			-
Purchased Services	112			-
Other	699	-	-	-
<b>Total Professional Development</b>	<b>1,858</b>	<b>2,048</b>	<b>190</b>	<b>-</b>
<b>TOTAL INSTRUCTIONAL STAFF</b>	<b>\$ 351,334</b>	<b>\$ 360,598</b>	<b>\$ 9,264</b>	<b>\$ 248,613</b>
<b><u>GENERAL ADMINISTRATION</u></b>				
<b>Board of Education</b>				
Nonprofessional Salaries	4,110	-	-	4,153
Insurance	13,001			18,266
Purchased Services	66,994			80,054
Supplies and Materials	1,368			112
Other	11,225	-	-	8,301
<b>Total Board of Education</b>	<b>96,698</b>	<b>111,594</b>	<b>14,896</b>	<b>110,886</b>
<b>Executive Administration</b>				
Professional Salaries	82,911	-	-	80,937
Nonprofessional Salaries	29,297			29,464
Insurance	29,895			28,942
FICA / Retirement	26,411			24,288
Other Benefits	340			(1,238)
Supplies and Materials	52			44
Capital Outlay	-			1,010
Other	1,768	-	-	1,723
<b>Total Executive Administration</b>	<b>170,674</b>	<b>172,814</b>	<b>2,140</b>	<b>165,170</b>
<b>TOTAL GENERAL ADMINISTRATION</b>	<b>\$ 267,372</b>	<b>\$ 284,408</b>	<b>\$ 17,036</b>	<b>\$ 276,056</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET**

**(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006

*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/2005
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<b><u>SUPPORTING SERVICES (continued)</u></b>				
<b><u>SCHOOL ADMINISTRATION</u></b>				
Office of the Principal				
Professional Salaries	\$ 208,960	\$ -	\$ -	\$ 203,132
Nonprofessional Salaries	91,117			98,481
Insurance	88,054			80,604
FICA / Retirement	70,798			64,254
Other Benefits	2,666			23,980
Purchased Services	16,395			12,597
Supplies and Materials	10,245			12,701
Capital Outlay	3,332			21,028
Other	5,454	-	-	5,418
<b>Total Office of the Principal</b>	<b>497,021</b>	<b>506,400</b>	<b>9,379</b>	<b>522,195</b>
<b>TOTAL SCHOOL ADMINISTRATION</b>	<b>\$ 497,021</b>	<b>\$ 506,400</b>	<b>\$ 9,379</b>	<b>\$ 522,195</b>
<b><u>BUSINESS SERVICES</u></b>				
Fiscal Services				
Nonprofessional Salaries	65,059	-	-	64,512
Insurance	16,241			23,066
FICA/Retirement	15,623			15,105
Other Benefits	3,309			2,210
Purchased Services	6,483			6,455
Supplies and Materials	20,393			15,179
Capital Outlay	2,211			-
Other	18,652	-	-	36,271
<b>Total Fiscal Services</b>	<b>147,971</b>	<b>138,585</b>	<b>(9,386)</b>	<b>162,798</b>
<b>TOTAL BUSINESS SERVICES</b>	<b>\$ 147,971</b>	<b>\$ 138,585</b>	<b>\$ (9,386)</b>	<b>\$ 162,798</b>
<b><u>OPERATIONS AND MAINTENANCE</u></b>				
Nonprofessional Salaries	379,749	-	-	385,209
Insurance	182,696			204,811
FICA / Retirement	87,774			84,661
Other Benefits	10,656			27,380
Purchased Services	294,657			271,449
Supplies and Materials	42,223			43,652
Capital Outlay	16,459			15,835
Other	3,497	-	-	2,246
<b>TOTAL OPERATIONS AND MAINTENANCE</b>	<b>\$ 1,017,711</b>	<b>\$ 1,043,273</b>	<b>\$ 25,562</b>	<b>\$ 1,035,243</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET**

**(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006

(With Comparative Totals for Fiscal Year Ended June 30, 2005)

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/2005
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<b><u>SUPPORTING SERVICES (continued)</u></b>				
<b><u>PUPIL TRANSPORTATION</u></b>				
Nonprofessional Salaries	\$ 245,558	\$ -	\$ -	\$ 292,234
Insurance	147,279			149,191
FICA / Retirement	56,299			61,379
Other Benefits	7,491			5,468
Purchased Services	57,630			11,156
Supplies and Materials	77,714			61,714
Capital Outlay	121,810			39,181
Other	563	-	-	891
<b>TOTAL PUPIL TRANSPORTATION</b>	<b>714,344</b>	<b>603,142</b>	<b>(111,202)</b>	<b>621,214</b>
<b>TOTAL SUPPORTING SERVICES</b>	<b>\$ 3,132,860</b>	<b>\$ 3,068,578</b>	<b>\$ (64,282)</b>	<b>\$ 2,994,007</b>
<b><u>COMMUNITY SERVICES</u></b>				
<b><u>ATV Grant</u></b>				
Professional Salaries	1,900	-	-	6,050
Nonprofessional Salaries	-			300
FICA/Retirement	456			1,405
Purchased Services	275			851
Supplies and Materials	277			1,146
Capital Outlay	-			-
Other	-	-	-	80
<b>Total ATV Grant</b>	<b>2,908</b>	<b>3,803</b>	<b>895</b>	<b>9,832</b>
<b><u>Michigan Works</u></b>				
Professional Salaries	5,018	-	-	-
FICA Retirement	1,204			-
Supplies and Materials	5,817	-	-	-
<b>Total Michigan Works</b>	<b>12,039</b>	<b>12,189</b>	<b>\$ 150</b>	<b>-</b>
<b><u>Internet Services</u></b>				
Professional Salaries	1,200	-	-	600
FICA/Retirement	263			-
Purchased Services	126,030			195,280
Supplies and Materials	3,070			3,463
Capital Outlay	-	-	-	16,731
<b>Total Internet Services</b>	<b>\$ 130,563</b>	<b>\$ 153,575</b>	<b>\$ 23,012</b>	<b>\$ 216,074</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**GENERAL FUND - SUPPLEMENTAL SCHEDULE OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for Fiscal Year Ended June 30, 2005)

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/2005
	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)	
<b><u>COMMUNITY SERVICES (continued)</u></b>				
<b>Bob Loo Building</b>				
Purchased Services	\$ -	\$ -	\$ -	\$ 33,118
Supplies and Materials	-	-	-	6,010
Capital Outlay	-	-	-	67,604
<b>Total Bob Loo Building</b>	-	-	-	<b>106,732</b>
<b>Civic Activities</b>				
Nonprofessional Salaries	-	-	-	465
FICA/Retirement	-	-	-	96
<b>Total Civic Activities</b>	-	-	-	<b>561</b>
<b>TOTAL COMMUNITY SERVICES</b>	<b>145,510</b>	<b>169,567</b>	<b>24,057</b>	<b>333,199</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,338,645</b>	<b>\$ 9,381,181</b>	<b>\$ 42,536</b>	<b>\$ 9,474,405</b>
<b><u>OTHER FINANCING USES</u></b>				
<b>Fund Modifications</b>				
Transfer to Athletic Fund	115,089	120,000	4,911	131,024
Transfer to Food Service Fund	-	-	-	9,261
Transfer to Capital Projects Fund	-	-	-	-
Transfer to Debt Retirement Fund	48,394	43,287	(5,107)	2,191
<b>Total Fund Modifications</b>	<b>163,483</b>	<b>163,287</b>	<b>(196)</b>	<b>142,476</b>
<b>Payments to Other Governmental Units</b>				
DIISD - Special Education Chargeback	23,436	23,436	-	26,040
<b>Payments to Non-Governmental Funds</b>	-	-	-	2,425
<b>TOTAL OTHER FINANCING USES</b>	<b>186,919</b>	<b>186,723</b>	<b>(196)</b>	<b>170,941</b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>\$ 9,525,564</u></b>	<b><u>\$ 9,567,904</u></b>	<b><u>\$ 42,340</u></b>	<b><u>\$ 9,645,346</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**COMMUNITY SCHOOL FUND – COMPARATIVE BALANCE SHEET**

*JUNE 30, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
Cash and Deposits	\$ 60,809	\$ 116,642
Accounts Receivable :		
Federal	-	-
State	21,610	620
Other	4,180	4,005
Inventory	<u>640</u>	<u>640</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 87,239</u></b>	<b><u>\$ 121,907</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Due to Other Funds	19,183	10,919
Deferred Revenue	<u>6,967</u>	<u>8,527</u>
<b>TOTAL LIABILITIES</b>	<b>26,150</b>	<b>19,446</b>
<b><u>FUND EQUITY</u></b>		
Fund Balance - Unreserved	<u>61,089</u>	<u>102,461</u>
<b>TOTAL FUND EQUITY</b>	<b>61,089</b>	<b>102,461</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 87,239</u></b>	<b><u>\$ 121,907</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**COMMUNITY SCHOOL FUND - STATEMENT OF REVENUES – ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2006  
*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/05
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>REVENUES</b>				
<b>Local Sources</b>				
Tuition	\$ 11,134	\$ -	\$ -	\$ 11,909
Interest	2,602			1,226
Other Income / Grants	35,372			42,737
Day Care Program	66,098			78,412
<b>Total Local Sources</b>	<b>115,206</b>	<b>114,623</b>	<b>583</b>	<b>134,284</b>
<b>State Sources</b>				
Foundation Allowance Grant	303,050	-	-	290,646
Restricted Grants -				
Adult Education	1,885			1,390
At Risk - Pre Kindergarten	118,800			118,800
Child Care	10,890	-	-	20,889
<b>Total State Sources</b>	<b>434,625</b>	<b>435,645</b>	<b>(1,020)</b>	<b>431,725</b>
<b>Federal Sources</b>				
Learn and Serve Carryover	-	-	-	1,753
JTPA Nurses' Aid Grant	36,874			7,728
Make a Link Grant	6,500			8,000
<b>Total Federal Sources</b>	<b>43,374</b>	<b>32,904</b>	<b>10,470</b>	<b>17,481</b>
<b>TOTAL REVENUES</b>	<b>593,205</b>	<b>583,172</b>	<b>10,033</b>	<b>583,490</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In from Other Funds	-	-	-	-
Payments from Other Governmental Units -				
Local Sources	31,000			31,250
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>31,000</b>	<b>26,500</b>	<b>4,500</b>	<b>31,250</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 624,205</b>	<b>\$ 609,672</b>	<b>\$ 14,533</b>	<b>\$ 614,740</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**COMMUNITY SCHOOL FUND - STATEMENT OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for Fiscal Year Ended June 30, 2005)

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/05
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<b><u>INSTRUCTION</u></b>				
<b><u>Basic Programs</u></b>				
<b>Pre-Kindergarten</b>				
Professional Salaries	\$ 45,546	\$ -	\$ -	\$ 43,525
Nonprofessional Salaries	22,804			31,719
FICA/Retirement	16,440			16,944
Insurance	19,780			15,311
Purchased Services	571			-
Supplies and Materials	9,905			9,590
Capital Outlay	2,506			-
Other	1,248	-	-	1,711
<b>Total Pre-Kindergarten</b>	<b>118,800</b>	<b>118,800</b>	<b>-</b>	<b>118,800</b>
<b>Developmental Kindergarten</b>				
Professional Salaries	32,095	-	-	29,963
Nonprofessional Salaries	18,899			17,481
FICA/Retirement	11,976			10,471
Other	392	-	-	1,203
<b>Total Developmental Kindergarten</b>	<b>63,362</b>	<b>63,533</b>	<b>171</b>	<b>59,118</b>
<b>Total Basic Programs</b>	<b>182,162</b>	<b>182,333</b>	<b>171</b>	<b>177,918</b>
<b><u>Added Needs</u></b>				
<b>Alternative Education</b>				
Professional Salaries	110,263	-	-	102,221
Nonprofessional Salaries	13,193			26,738
FICA/Retirement	29,666			28,354
Other Benefits	7,150			-
Insurance	45,596			42,877
Purchased Services	9,836			10,103
Supplies and Materials	2,022			2,646
Other	252	-	-	556
<b>Total Alternative Education</b>	<b>217,978</b>	<b>220,657</b>	<b>2,679</b>	<b>213,495</b>
<b>Total Added Needs</b>	<b>\$ 217,978</b>	<b>\$ 220,657</b>	<b>\$ 2,679</b>	<b>\$ 213,495</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b> <b>COMMUNITY SCHOOL FUND - STATEMENT OF EXPENDITURES – ACTUAL</b> <b>COMPARED TO BUDGET</b> <b>(CONTINUED)</b>
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FISCAL YEAR ENDED JUNE 30, 2006  
*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/05
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<b><u>INSTRUCTION (continued)</u></b>				
<b><u>Adult Education</u></b>				
<b>Adult Enrichment</b>				
Professional Salaries	\$ 1,000	\$ -	\$ -	\$ 504
Nonprofessional Salaries	5,628			6,027
FICA/Retirement	1,106			929
Other Benefits	-			73
Purchased Services	-			136
Supplies and Materials	483			555
Other	865	-	-	(185)
<b>Total Adult Enrichment</b>	<b>9,082</b>	<b>10,268</b>	<b>1,186</b>	<b>8,039</b>
<b>Nurses' Aid Program</b>				
Professional Salaries	15,588	-	-	3,160
Nonprofessional Salaries	755			2,000
FICA/Retirement	3,846			1,013
Purchased Services	135			540
Supplies and Materials	4,046			1,765
Other	-	-	-	546
<b>Total Nurses' Aid Program</b>	<b>24,370</b>	<b>24,373</b>	<b>3</b>	<b>9,024</b>
<b>Total Adult Education</b>	<b>33,452</b>	<b>34,641</b>	<b>1,189</b>	<b>17,063</b>
<b>TOTAL INSTRUCTION</b>	<b>433,592</b>	<b>437,631</b>	<b>4,039</b>	<b>408,476</b>
<b><u>SUPPORTING SERVICES</u></b>				
<b><u>Pupil Services</u></b>				
<b>Learn and Serve Grant Program</b>				
Supplies and Materials	-	-	-	1,126
Other	-			652
<b>Total Learn and Serve Grant Pro</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,778</b>
<b>Make a Link Grant</b>				
Professional Salaries	500	-	-	750
Nonprofessional Salaries	-			2,042
FICA/Retirement	120			629
Purchased Services	2,654			2,280
Supplies and Materials	245	-	-	2,299
<b>Total Make a Link Grant</b>	<b>3,519</b>	<b>6,500</b>	<b>2,981</b>	<b>8,000</b>
<b>Total Pupil Services</b>	<b>\$ 3,519</b>	<b>\$ 6,500</b>	<b>\$ 2,981</b>	<b>\$ 9,778</b>

The notes to the financial statements are an integral part of this report.



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**COMMUNITY SCHOOL FUND - STATEMENT OF EXPENDITURES – ACTUAL  
COMPARED TO BUDGET  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006

(With Comparative Totals for Fiscal Year Ended June 30, 2005)

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/05
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<b><u>SUPPORTING SERVICES (continued)</u></b>				
<b><u>School Administration</u></b>				
Professional Salaries	\$ 39,669	\$ -	\$ -	\$ 42,643
Nonprofessional Salaries	10,658			9,934
Insurance	16,098			17,358
FICA/Retirement	11,486			10,851
Other Benefits	401			700
Purchased Services	41,468			44,049
Supplies and Materials	3,601			3,089
Capital Outlay	-			1,580
Other	1,397	-	-	1,888
<b>Total School Administration</b>	<b>124,778</b>	<b>130,499</b>	<b>5,721</b>	<b>132,092</b>
<b><u>Daycare Program</u></b>				
Professional Salaries	3,000	-	-	3,000
Nonprofessional Salaries	57,030			84,975
FICA/Retirement	14,011			19,112
Other Benefits	791			-
Purchased Services	355			223
Supplies and Materials	2,780			3,435
Other	636	-	-	596
<b>Total Daycare Program</b>	<b>78,603</b>	<b>82,870</b>	<b>4,267</b>	<b>111,341</b>
<b>TOTAL SUPPORTING SERVICES</b>	<b>206,900</b>	<b>219,869</b>	<b>12,969</b>	<b>253,211</b>
<b><u>COMMUNITY SERVICES</u></b>				
<b><u>Recreation</u></b>				
Professional Salaries	1,500	-	-	1,500
Nonprofessional Salaries	5,338			5,427
FICA/Retirement	815			967
Supplies and Materials	3,515			4,135
Other	13,917			15,240
<b>Total Recreation</b>	<b>25,085</b>	<b>25,669</b>	<b>584</b>	<b>27,269</b>
<b>TOTAL COMMUNITY SERVICES</b>	<b>25,085</b>	<b>25,669</b>	<b>584</b>	<b>27,269</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 665,577</b>	<b>\$ 683,169</b>	<b>\$ 17,592</b>	<b>\$ 688,956</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**FOOD SERVICE FUND – COMPARATIVE BALANCE SHEET**

*JUNE 30, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
Cash	\$ 6,275	\$ 31,041
Accounts Receivable		
Federal	51,471	-
State	4,110	4,112
Other	3,364	5,547
Inventory	5,081	3,993
Due from Other Funds	<u>95</u>	<u>2,479</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 70,396</u></b>	<b><u>\$ 47,172</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Due to Other Funds	23,916	-
Deferred Revenue	<u>4,780</u>	<u>5,057</u>
<b>TOTAL LIABILITIES</b>	<b>28,696</b>	<b>5,057</b>
<b><u>FUND EQUITY</u></b>		
Fund Balance, Reserved	<u>41,700</u>	<u>42,115</u>
<b>TOTAL FUND EQUITY</b>	<b><u>41,700</u></b>	<b><u>42,115</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 70,396</u></b>	<b><u>\$ 47,172</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**FOOD SERVICE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for Fiscal Year Ended June 30, 2005)

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/05
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>REVENUES</b>				
<b>Local Sources</b>				
Student Lunches / Breakfast	\$ 109,604	\$ -	\$ -	\$ 128,747
Adult Lunches	12,707			12,994
Milk and Ala Carte Sales	3,751			5,569
Other	5,796	-	-	5,684
<b>Total Local Sources</b>	<b>131,858</b>	<b>135,122</b>	<b>(3,264)</b>	<b>152,994</b>
<b>State Sources</b>				
School Breakfast Program	29,263	-	-	26,798
School Lunch Program	19,489			22,581
<b>Total State Sources</b>	<b>48,752</b>	<b>48,752</b>	<b>-</b>	<b>49,379</b>
<b>Federal Sources</b>				
Restricted - Received through State	249,856	-	-	286,573
USDA Entitlement Commodities	21,981			19,741
USDA Bonus Commodities	5,291	-	-	5,943
<b>Total Federal Sources</b>	<b>277,128</b>	<b>282,558</b>	<b>(5,430)</b>	<b>312,257</b>
<b>TOTAL REVENUES</b>	<b>457,738</b>	<b>466,432</b>	<b>(8,694)</b>	<b>514,630</b>
<b>Other Financing Sources</b>				
Transfer from General Fund	-	9,261	(9,261)	9,261
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 457,738</b>	<b>\$ 475,693</b>	<b>\$ (17,955)</b>	<b>\$ 523,891</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**FOOD SERVICE FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - ACTUAL COMPARED TO BUDGET  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006  
*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

(Continued)	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/05
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<b><u>EXPENDITURES</u></b>				
Nonprofessional Salaries	\$ 121,919	\$ -	\$ -	\$138,101
FICA/Retirement	29,652			28,847
Insurance	67,171			64,916
Other Benefits	2,456			7,673
Purchased Services	9,151			9,324
Supplies and Materials	225,289			239,577
Capital Outlay	1,600			-
Other	915	-	-	229
<b>TOTAL EXPENDITURES</b>	<b>\$ 458,153</b>	<b>\$ 470,257</b>	<b>\$ 12,104</b>	<b>\$488,667</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(415)	5,436	(5,851)	35,224
FUND BALANCE, JULY 1	42,115			6,891
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 41,700</b>			<b>\$ 42,115</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**ATHLETIC FUND – COMPARATIVE BALANCE SHEET**

*JUNE 30, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
Due From Other Funds	\$ -	\$ 3,641
<b>TOTAL ASSETS</b>	<b><u>\$ -</u></b>	<b><u>\$ 3,641</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Due to Other Funds	-	3,641
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>3,641</b>
<b><u>FUND EQUITY</u></b>		
Fund Balance, Reserved	-	-
<b>TOTAL FUND EQUITY</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ -</u></b>	<b><u>\$ 3,641</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**SPECIAL REVENUE FUND - ATHLETIC FUND - STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL COMPARED TO  
BUDGET**

FISCAL YEAR ENDED JUNE 30, 2006  
(With Comparative Totals for Fiscal Year Ended June 30, 2005)

	FISCAL YEAR ENDED JUNE 30, 2006			FISCAL YEAR ENDED 6/30/05
	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)	
<b>REVENUES</b>				
Admissions	\$ 60,871	\$ -	\$ -	\$ 62,273
Donations	-			3,641
Other	9,870			
<b>Total Revenues</b>	<b>70,741</b>	<b>71,337</b>	<b>(596)</b>	<b>65,914</b>
<b>EXPENDITURES</b>				
Professional Salaries	85,733	-	-	87,971
Nonprofessional Salaries	34,675			34,911
Insurance	1,000			966
FICA/Retirement	23,764			23,156
Other Benefits	99	-	-	388
Purchased Services	19,826			19,976
Supplies and Materials	6,799			8,845
Capital Outlay	1,252			23,455
Other	12,682	-	-	11,854
<b>TOTAL EXPENDITURES</b>	<b>185,830</b>	<b>191,337</b>	<b>5,507</b>	<b>211,522</b>
Excess of Revenues over (Under) Expenditures	(115,089)	(120,000)	4,911	(145,608)
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan Proceeds	-	-	-	23,455
Operating Transfers In	115,089	120,000	(4,911)	131,024
Operating Transfers (Out)	-	-	-	(8,871)
<b>TOTAL OTHER FINANCING SOURCES (US</b>	<b>115,089</b>	<b>120,000</b>	<b>(4,911)</b>	<b>145,608</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-
FUND BALANCE, JULY 1	-			
<b>FUND BALANCE, JUNE 30</b>	<b>\$ -</b>			<b>\$ -</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**CAPITAL PROJECTS FUND – COMPARATIVE BALANCE SHEET**

*JUNE 30, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
Cash and Deposits	\$ 4,026	\$ 8,299
Taxes Receivable	<u>6,150</u>	<u>547</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,176</u></b>	<b><u>\$ 8,846</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts Payable	4,704	-
Due to Other Funds	<u>3,912</u>	<u>3,877</u>
<b>TOTAL LIABILITIES</b>	<b>8,616</b>	<b>3,877</b>
<b><u>FUND EQUITY</u></b>		
Fund Balance, Reserved	<u>1,560</u>	<u>4,969</u>
<b>TOTAL FUND EQUITY</b>	<b><u>1,560</u></b>	<b><u>4,969</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 10,176</u></b>	<b><u>\$ 8,846</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**CAPITAL PROJECTS FUND - STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - ACTUAL COMPARED TO BUDGET**

FISCAL YEAR ENDED JUNE 30, 2006  
*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

	<u>2006</u>	<u>2005</u>
<b><u>REVENUES</u></b>		
Property Taxes	\$ 87,996	\$ 85,004
Other Taxes	1,331	1,561
Penalties / Interest on Taxes	11	285
Interest	<u>668</u>	<u>153</u>
<b>TOTAL REVENUES</b>	<b>\$ 90,006</b>	<b>\$ 87,003</b>
 <b><u>EXPENDITURES</u></b>		
Building and Renovation	92,915	83,943
Tax Refunds / Chargebacks	-	52
Other	<u>500</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b>93,415</b>	<b>83,995</b>
 Excess of Revenues Over (Under) Expenditures	 (3,409)	 3,008
 FUND BALANCE, JULY 1	 <u>4,969</u>	 <u>1,961</u>
<b>FUND BALANCE, JUNE 30</b>	<b><u>\$ 1,560</u></b>	<b><u>\$ 4,969</u></b>

The notes to the financial statements are an integral part of this report.



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**DEBT RETIREMENT FUND – COMPARATIVE BALANCE SHEET**

*JUNE 30, 2006 and 2005*

	<u>2006</u>	<u>2005</u>
<b><u>ASSETS</u></b>		
Cash and Deposits	\$ 319,053	\$ 303,178
Taxes Receivable	33,692	6,354
Due From Other Funds	<u>30,641</u>	<u>54,328</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 383,386</u></b>	<b><u>\$ 363,860</u></b>
 <b><u>FUND EQUITY</u></b>		
Fund Balance, Reserved	<u>383,386</u>	<u>363,860</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 383,386</u></b>	<b><u>\$ 363,860</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE**

FISCAL YEAR ENDED JUNE 30, 2006

*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

	<u>2006</u>	<u>2005</u>
<b><u>REVENUES</u></b>		
<b>Local Sources</b>		
Property Taxes	\$ 447,826	\$ 451,752
Other Taxes	6,359	3,530
Penalties and Interest on Taxes	35	1,515
Interest	11,671	8,090
Other	-	-
	<hr/>	<hr/>
<b>Total Local Sources</b>	<b>\$ 465,891</b>	<b>\$ 464,887</b>
<b>State Sources</b>		
Durant	10,225	-
	<hr/>	<hr/>
<b>Total State Sources</b>	<b>10,225</b>	<b>-</b>
	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>476,116</b>	<b>464,887</b>
	<hr/>	<hr/>
<b><u>EXPENDITURES</u></b>		
<b>1997 Refunding Bonds</b>		
Principal	255,000	245,000
Interest	191,003	202,150
Fees	300	300
	<hr/>	<hr/>
Total 1997 Refunding Bonds	446,303	447,450
<b>Bleacher Refurbishing Loan</b>		
Principal	4,659	8,299
Interest	479	572
	<hr/>	<hr/>
Total Bleacher Refurbishing Loan	5,138	8,871
<b>Durant</b>		
Principal	7,048	-
Interest	3,177	-
	<hr/>	<hr/>
Total Durant	\$ 10,225	\$ -

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**DEBT RETIREMENT FUND - STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
(CONTINUED)**

FISCAL YEAR ENDED JUNE 30, 2006  
*(With Comparative Totals for Fiscal Year Ended June 30, 2005)*

	<u>2006</u>	<u>2005</u>
<b>Bus Loan</b>		
Principal	\$ 35,905	\$ -
Interest	<u>4,063</u>	<u>-</u>
Total Bus Loan	39,968	-
 <b>Other Expenditures</b>		
Canon Copier Lease	3,287	2,191
Tax Adjustments / Writeoffs	<u>63</u>	<u>6,078</u>
 Total Other Expenditures	<u>3,350</u>	<u>8,269</u>
 <b>TOTAL EXPENDITURES</b>	 <b>\$ 504,984</b>	 <b>\$ 464,590</b>
 Excess of Revenues Over (Under) Expenditures	 (28,868)	 297
 <b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Operating Transfers In (Out)	<u>48,394</u>	<u>11,062</u>
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 19,526	 11,359
 FUND BALANCE, JULY 1	 <u>363,860</u>	 <u>352,501</u>
 <b>FUND BALANCE, JUNE 30</b>	 <b><u>\$ 383,386</u></b>	 <b><u>\$ 363,860</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**TRUST AND AGENCY FUND - STATEMENT OF CHANGES IN ASSETS, LIABILITIES,  
AND FUND BALANCE**

*FISCAL YEAR ENDED JUNE 30, 2006*

	<b>BALANCE JUNE 30, 2005</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>BALANCE JUNE 30, 2006</b>
<b><u>ASSETS</u></b>				
Cash, Deposits, and Investments	\$ 1,323,939	\$ 480,695	\$ 510,802	1,293,832
Due From Student Activities	500	-	-	500
<b>TOTAL ASSETS</b>	<b><u>\$ 1,324,439</u></b>	<b><u>\$ 480,695</u></b>	<b><u>\$ 510,802</u></b>	<b><u>\$ 1,294,332</u></b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b><u>LIABILITIES</u></b>				
Due To Student Activities	141,384	435,742	430,602	146,524
Due To General Fund	252	306	252	306
Due To Food Service Fund	95	-	-	95
Due To Scholarship Fund	500	500	500	500
Due To Athletic Fund	3,641	393	4,034	-
<b>TOTAL LIABILITIES</b>	<b>\$ 145,872</b>	<b>\$ 436,941</b>	<b>\$ 435,388</b>	<b>\$ 147,425</b>
 <b><u>FUND EQUITY</u></b>				
Scholarship Accounts	1,178,567	43,754	75,414	1,146,907
Bob Loo Fund	-			-
<b>TOTAL FUND EQUITY</b>	<b><u>1,178,567</u></b>	<b><u>43,754</u></b>	<b><u>75,414</u></b>	<b><u>1,146,907</u></b>
 <b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 1,324,439</u></b>	<b><u>\$ 480,695</u></b>	<b><u>\$ 510,802</u></b>	<b><u>\$ 1,294,332</u></b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS**

*FISCAL YEAR ENDED JUNE 30, 2006*

	<b>BALANCE JUNE 30, 2005</b>	<b>RECEIPTS</b>	<b>DISBURSEMENTS</b>	<b>BALANCE JUNE 30, 2006</b>
<b><u>ASSETS</u></b>				
Cash and Deposits	\$ 145,620	\$ 436,941	\$ 435,136	\$ 147,425
<b>TOTAL ASSETS</b>	<b><u>\$ 145,620</u></b>	<b><u>\$ 436,941</u></b>	<b><u>\$ 435,136</u></b>	<b><u>\$ 147,425</u></b>
<b><u>LIABILITIES</u></b>				
General Funds:				
Bates Elementary	\$ -			\$ -
Middle School	3,370	1,000	50	4,320
Stambaugh Elementary	8,166	10,231	9,414	8,983
Ace Art Grant	9	-	-	9
Ace Tobacco Coalition	93	-	-	93
All Buildings - School Supplies	250	520	500	270
Art Club	79	-	-	79
Academic Boosters	-	236	236	-
Athletic Accounts	9,273	-	3,000	6,273
Athletics 2005 Fund Raiser	6,978	-	3,164	3,814
Athletics In Action	-	3,460	2,982	478
BB Coaches Clinic	-	830	-	830
Band Fund	122	5,416	5,642	(104)
Bates Library	-			-
Bates Yearbook	-			-
Boys Basketball	291	27	314	4
Boys Tennis	11	-	-	11
Business Club	42	4,422	4,311	153
Career Tech	356	-	-	356
Cheerleader Fund	1,549	4,872	5,206	1,215
Chess Club	16	1	-	17
Class of 1984	185	-	-	185
Class of 1992	17	-	-	17
Class of 1994	181	-	-	181
Class of 1996	1,737	1	-	1,738
Class of 1997	80	-	-	80
Class of 1998	200	-	-	200
Class of 1999	1,102	-	-	1,102
Class of 2000	3,328	1	-	3,329
Class of 2003	2,451	-	-	2,451
Class of 2004	3,418	-	3,418	-
Class of 2005	2,077	34	2,111	-
Class of 2006	3,543	16,211	16,449	3,305
Class of 2007	1,309	10,174	7,542	3,941
Class of 2008	753	3,905	2,149	2,509
Class of 2009	189	23	175	37
Class of 2010	-	11,220	10,885	335
Combination Lock	844	-	-	844
Community School Recreation	3,966	2,923	1,608	5,281
Contingency Fund	-	216,522	216,124	398
Cross Country	\$ 160	\$ -	\$ -	\$ 160

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS  
(CONTINUED)**

*FISCAL YEAR ENDED JUNE 30, 2006*

	<b>BALANCE JUNE 30, 2005</b>	<b>RECEIPTS</b>	<b>DISBURSEMENTS</b>	<b>BALANCE JUNE 30, 2006</b>
Desk Top Publishing	\$ 1,020	\$ 473	\$ 1,180	\$ 313
DIISD - Goals 2000	1,244	-	-	1,244
DIISD - SS / Language Arts Grant	211	-	-	211
DIISD MIDI Grant	100	-	-	100
DIISD Final Cut	-	244	-	244
Disk Fund	89	-	-	89
Drama Club	155	-	-	155
Elementary Girls Basketball	3,733	4,654	6,030	2,357
Football	1,938	4,930	3,031	3,837
Forensics Club	163	-	-	163
Forest Club	633	331	754	210
Forest Club - Trout Unlimited	905	-	467	438
Freshman Sports	8,199	2,894	9,257	1,836
Girls Basketball	1,017	601	681	937
Girls Tennis	140	2,215	1,582	773
Girls Track	15	16	474	(443)
Golf Club	1,263	225	808	680
Health Careers Club	33	-	-	33
High School Bowl	234	-	126	108
Iron County Museum - Big Culture	-	-	-	-
Jordan Grant - Ace	414	-	-	414
Jordan Grant - High School	-	-	-	-
Laurel Lake Bog Project	137	-	-	137
Library Fund	678	15	-	693
Majorettes	215	-	-	215
Middle School - Interest	418	-	-	418
Middle School 8th Grade Economics	1,660	1,255	1,255	1,660
Middle School 8th Grade Grant	110	-	-	110
Middle School Accelerated Learning Progr	1,456	1,229	1,847	838
Middle School Art	193	-	-	193
Middle School Band	3,563	8,293	7,858	3,998
Middle School Cheerleaders	792	-	-	792
Middle School Crush Grams	1,245	116	304	1,057
Middle School Drama	820	1	-	821
Middle School Family Living	83	-	-	83
Middle School Fisher Donation	365	-	-	365
Middle School Library	685	193	21	857
Middle School Lighting Equipment Fund	315	-	-	315
Middle School Mrs. Sackeek Calculators	375	-	56	319
Middle School Mrs. Steinberg's Account	3	-	-	3
Middle School Newspaper	-	97	-	97
Middle School Playground	4,277	124	-	4,401
Middle School Red Ribbon Grant	150	-	-	150
Middle School Software Account	264	-	-	264
Middle School Special Ed Account	\$ 1,510	\$ 1,006	\$ 928	\$ 1,588

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**TRUST AND AGENCY FUND - STATEMENT OF RECEIPTS AND DISBURSEMENTS  
(CONTINUED)**

*FISCAL YEAR ENDED JUNE 30, 2006*

	BALANCE JUNE 30, 2005	RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2006
Middle School Student Council	\$ 6,558	\$ 2,406	\$ 1,509	\$ 7,455
Middle School Wykon Warehouse	919	374	446	847
Middle School Yearbook	643	-	-	643
Miscellaneous	-			-
National Honors Society	99	431	163	367
NEST Grant - ACE	562	200	762	-
NOW Interest	4,618	4,456	4,613	4,461
Pep Grant - Chad	38	500	480	58
Pom Danz	1,484	5,736	5,994	1,226
Project Graduation	1,312	6,820	6,786	1,346
Project Tell DIISD	-	-	-	-
SADD	386	-	-	386
Sewing for Reading	-	350	210	140
Skiing	82	13,293	9,002	4,373
Spanish Club	1,389	10,020	10,931	478
Special Education - Carne	100	-	-	100
Special Places / Special Kids	1,019	-	200	819
Special Projects	1,574	915	903	1,586
Stambaugh - 5th Grade	3,348	9,707	8,664	4,391
Stambaugh 2nd Grade	-			-
Stambaugh Accelerated Reader	745	-	120	625
Stambaugh Band Account	2,659	-	-	2,659
Stambaugh Destination	262	-	-	262
Stambaugh Destination - Ima (New)	103	-	-	103
Stambaugh Library	384	647	198	833
String Boosters	885	8,153	6,117	2,921
Student Council	3,259	3,077	2,068	4,268
Student Council - Milk	410	461	547	324
Track	355	1,622	1,061	916
Tri-Paw Lodge	-	22,420	16,593	5,827
UP BB Coaches Clinic	-	-	216	(216)
Volleyball	1,300	1,026	660	1,666
Weight Room	-	300	-	300
Wykon Industries	425	1	-	426
Yearbook Fund	9,016	19,893	18,677	10,232
Young Authors	485	-	-	485
Youth BB Camp	-	1,993	1,743	250
Due to Athletic Fund	3,641	393	4,034	-
Due to Food Service Fund	95	-	-	95
Due to General Fund	-	306	-	306
Due to Scholarship Fund	500	500	500	500
<b>TOTAL LIABILITIES</b>	<b>\$ 145,620</b>	<b>\$ 436,941</b>	<b>\$ 435,136</b>	<b>\$ 147,425</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**PROPERTY TAX DATA**

*FOR THE YEAR ENDED JUNE 30, 2006*

<u>YEAR LEVIED</u>	<u>LEVY</u>	<u>COLLECTIONS AND ADJUSTMENTS</u>	<u>BALANCE JUNE 30, 2006</u>
<b>GENERAL FUND</b>			
2005-06	\$ 1,789,998	\$ 1,692,177	\$ 97,821
2004-05	1,751,726	1,748,802	2,924
2003-04	1,664,873	1,663,058	1,815
2002-03	1,651,652	1,647,928	3,724
2001-02	<u>1,573,526</u>	<u>1,568,634</u>	<u>4,892</u>
<b>TOTAL GENERAL FUND</b>	<b>\$ 8,431,775</b>	<b>\$ 8,320,599</b>	<b>\$ 111,176</b>
<b>DEBT RETIREMENT FUND</b>			
2005-06	\$ 447,826	\$ 419,287	\$ 28,539
2004-05	451,751	451,552	199
2003-04	460,183	\$ 459,955	228
2002-03	477,212	\$ 476,097	1,115
2001-02	<u>522,807</u>	<u>\$ 519,197</u>	<u>3,610</u>
<b>TOTAL DEBT RETIREMENT</b>	<b>\$ 1,911,953</b>	<b>\$ 1,906,801</b>	<b>\$ 5,152</b>
<b>SINKING FUND</b>			
2005-06	\$ 87,996	\$ 82,393	\$ 5,603
2004-05	85,004	84,918	86
2003-04	81,332	\$ 81,248	84
2002-03	<u>79,502</u>	<u>\$ 79,125</u>	<u>377</u>
<b>TOTAL SINKING FUND</b>	<b>\$ 245,838</b>	<b>\$ 245,291</b>	<b>\$ 547</b>
<b>TOTAL ALL FUNDS</b>	<b><u>\$ 10,589,566</u></b>	<b><u>\$ 10,472,691</u></b>	<b><u>\$ 116,875</u></b>

The notes to the financial statements are an integral part of this report.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**BOARD OF EDUCATION  
WEST IRON COUNTY PUBLIC SCHOOL DISTRICT  
601 Garfield Avenue  
IRON RIVER, MICHIGAN 49935**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT**, as of and for the year ended June 30, 2006, which collectively comprise the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT'S** basic financial statements, and have issued our report thereon dated August 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT'S** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT'S** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT** in a separate letter dated August 25, 2006.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

August 25, 2006

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE**

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

BOARD OF EDUCATION  
**WEST IRON COUNTY PUBLIC SCHOOL DISTRICT**  
601 Garfield Avenue  
Iron River, Michigan 49935

### Compliance

We have audited the compliance of the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT** Iron River, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs, and the Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT's** management. Our responsibility is to express an opinion on the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT's** compliance with those requirements.

In our opinion, the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### Internal Control Over Compliance

The management of the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

Internal Control Over Compliance (Continued)

In planning and performing our audit, we considered the **WEST IRON COUNTY PUBLIC SCHOOL DISTRICT's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and it is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno". The signature is fluid and cursive, with the first name "Dianne" and last name "Rostagno" clearly distinguishable.

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

August 25, 2006

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**WEST IRON COUNTY PUBLIC SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*FISCAL YEAR ENDED JUNE 30, 2006*

<b>FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER</b>	<b>FEDERAL CFDA NUMBER</b>	<b>APPROVED GRANT AWARD AMOUNT</b>	<b>ACCRUED (DEFERRED) REVENUE 7/1/2005</b>	<b>(MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES</b>	<b>CURRENT YEAR EXPENDITURES</b>	<b>CURRENT YEAR RECEIPTS (CASH BASIS)</b>	<b>ACCRUED (DEFERRED) REVENUE 6/30/2006</b>	<b>ADJUST- MENTS</b>
<b>US DEPT OF EDUCATION</b>								
<b>Passed Through MDE</b>								
Title I *								
#051530-0405	84.010	\$ 298,115	\$ (2,479)	\$ 298,115	\$ -	\$ (2,479)		
#051530-0506	84.010	18,801	-	-	18,801	18,801		
#061530-0506	84.010	290,494	-	-	277,741	285,494	(7,753)	5,000 (a)
Total Title I *		607,410	(2,479)	298,115	296,542	301,816	(7,753)	
Title V								
LEA Allocation								
#060250-0506	84.298	9,321	-	-	3,808	9,321	(5,513)	
Total Title V		9,321	-	-	3,808	9,321	(5,513)	
Title II-A								
Improving Teacher Quality								
#050520-0405	84.367	83,794	646	83,795	-	646	-	
#050520-0506	84.367	6,946	-	-	6,946	6,946		
#060520-0506	84.367	87,638	-	-	85,408	87,638	(2,230)	
Total Title II-A		178,378	646	83,795	92,354	95,230	(2,230)	
Title II-D								
Tech Literacy Challenge								
#064290-0506	84.318	5,158	-	-	5,158	5,158		
Total Title II-D		5,158	-	-	5,158	5,158	-	
Reading First *								
#052930-0506	84.357	237,750	-	-	237,750	237,750	-	
Total Reading First		237,750	-	-	237,750	237,750	-	
<b>Total Passed Through MDE</b>		<b>\$ 1,038,017</b>	<b>\$ (1,833)</b>	<b>\$ 381,910</b>	<b>\$ 635,612</b>	<b>\$ 649,275</b>	<b>\$ (15,496)</b>	



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*FISCAL YEAR ENDED JUNE 30, 2006*

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 7/1/2005	(MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE 6/30/2006	ADJUST- MENTS
<b>Passed Through ISD</b>								
Drug Free Schools	84.186	3,545	-	-	3,545	3,545	-	
Medicaid Outreach	93.778	18,355	-	-	18,355	18,355	-	
<b>Total Passed Through ISD</b>		<b>21,900</b>	<b>-</b>	<b>-</b>	<b>21,900</b>	<b>21,900</b>	<b>-</b>	
 <b>TOTAL US DEPT OF EDUCATION</b>								
		<b>\$ 1,059,917</b>	<b>\$ (1,833)</b>	<b>\$ 381,910</b>	<b>\$ 657,512</b>	<b>\$ 671,175</b>	<b>\$ (15,496)</b>	

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b> <b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b> <i>FISCAL YEAR ENDED JUNE 30, 2006</i>
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FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 7/1/2005	(MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE 6/30/2006	ADJUST- MENTS
<b>US DEPT OF AGRICULTURE</b>								
<b>Passed Through MDE</b>								
Natl School Lunch-Breakfast								
#051970	10.553	\$ 8,515	\$ -	\$ -	\$ 8,515	\$ 8,515	\$ -	
#061970	10.553	56,399	-	-	56,399	56,399	-	
Total Natl School Lunch- Breakfast		64,914	-	-	64,914	64,914	-	
National School Lunch Section 4 Lunches								
#051950	10.555	4,268	-	-	4,268	4,268	-	
#061950	10.555	26,579	-	-	26,579	26,579	-	
Total Section 4 Lunches		30,847	-	-	30,847	30,847	-	
Section 11 Free & Reduced								
#051960	10.555	21,981	-	-	21,981	21,981	-	
#061960	10.555	130,852	-	-	130,852	130,852	-	
Total Section 11 Free & Reduced		152,833	-	-	152,833	152,833	-	
Snack Program								
#051980	10.555	182	-	-	182	182	-	
#061980	10.555	1,080	-	-	1,080	1,080	-	
Total Snack Program		1,262	-	-	1,262	1,262	-	
Total National School Lunch		\$ 184,942	\$ -	\$ -	\$ 184,942	\$ 184,942	\$ -	

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b> <b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b> <i>FISCAL YEAR ENDED JUNE 30, 2006</i>
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FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 7/1/2005	(MEMORANDUM ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE 6/30/2006	ADJUST- MENTS
<b>US DEPT OF AGRICULTURE</b>								
Entitlement Commodities	10.550	\$ 21,981	\$ -	\$ -	\$ 21,981	\$ 21,981	\$ -	
Bonus Commodities	10.550	5,291	-	-	5,291	5,291	-	
Total Commodities		27,272	-	-	27,272	27,272	-	
<b>TOTAL US DEPT OF AGRICULTURE</b>		<b>277,128</b>	<b>-</b>	<b>-</b>	<b>277,128</b>	<b>277,128</b>	<b>-</b>	
<b>US DEPT OF INTERIOR</b>								
Other Federal Assistance								
<b>Passed Through County of Iron</b>								
Schools and Roads Grant	15.226	132,716	-	-	132,716	132,716	-	
<b>TOTAL US DEPT OF INTERIOR</b>		<b>132,716</b>	<b>-</b>	<b>-</b>	<b>132,716</b>	<b>132,716</b>	<b>-</b>	
<b>US DEPT OF LABOR</b>								
<b>Passed Through UP</b>								
<b>Manpower Consortium</b>								
JTPA Nurses' Aid	17.250	36,874	-	-	36,874	36,874	-	
Total JTPA Nurses' Aid		36,874	-	-	36,874	36,874	-	
Make a Link Grant	17.259	6,500	-	-	6,500	6,500	-	
Total Make a Link Grant		6,500	-	-	6,500	6,500	-	
Michigan Works Welding	17.258	12,186	-	-	12,186	12,186	-	
Total MI Works Welding		12,186	-	-	12,186	12,186	-	
<b>TOTAL US DEPT OF LABOR</b>		<b>55,560</b>	<b>-</b>	<b>-</b>	<b>55,560</b>	<b>55,560</b>	<b>-</b>	
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<b>\$ 1,525,321</b>	<b>\$ (1,833)</b>	<b>\$ 381,910</b>	<b>\$ 1,122,916</b>	<b>\$ 1,136,579</b>	<b>\$ (15,496)</b>	

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS TO FINANCIAL STATEMENTS**  
*FOR FISCAL YEAR ENDED JUNE 30, 2006*

- (a) Unexpended balance.
  
- (b) The District received a grant from the *Family Independence Agency*, for the Strong Families/Safe Children program in the amount of \$40,181. The CFDA number is 93.556. Since the audit status of the District is Vendor, this is not to be included in the Schedule of Expenditures of Federal Awards, per FIA officials.
  
- (c) The District received flow-through funds from the Dickinson-Iron Intermediate School District in the amount of \$ 39,705. Since this is a vendor relationship, this flow-through is not included in the Schedule of Expenditures of Federal Awards.
  
- (d) Special milk program (CFDA #10.555; Project #051940) reported on the Grants Section Auditor's Report (Form R 7120) in the amount of \$995 is passed through to the Iron County Youth Camp, and therefore is not reported on the Schedule of Expenditures of Federal Awards.

Reconciliation

Federal Revenue per  
Financial Statements:

General Operating Funds – Federal Sources	\$	864069	Federal Revenues on Schedule of Expenditures of Federal Awards	\$	1122916
General Fund – Passed through ISD		61605	SFSC		40181
Food Service Fund		<u>277128</u>	DIISD flow-through Funds		<u>39705</u>
 Total Federal Revenue Reported by District	 \$	 <u><u>1202802</u></u>		 \$	 <u><u>1202802</u></u>

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

1. \*Designates Major Program
2. In accordance with OMB Circular A-133, since federal awards expended were greater than \$500,000 but less than \$10 million, Type A programs are those programs with expended funds of \$300,000 or more. Based on this threshold, there were no Type A programs. The District qualified as a low risk auditee. Therefore, Title I and Reading First were audited as major programs (both Type B programs) to satisfy the 25% coverage requirement.
3. Expenditures in this schedule are in agreement with amounts reported in the financial statements and the financial reports.
4. The amounts reported on the R7120 (Grants Section Auditions Report) reconcile with this schedule.
5. The amounts reported on the Recipient Entitlement Balance Report (PAL Report) agree with this schedule for USDA donated food commodities and are reported in the cash receipts column.
6. Expenditures include spoilage or pilferage.
7. JTPA Nurse's Aid Grant is based upon per pupil tuition. In addition to the direct expenditures of \$ 24,370 reported on the financial statements, indirect costs of building rental and administration must be added to these costs.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the West Iron County Public School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements on OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**B. FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**C. MAJOR PROGRAMS**

Major programs were determined by a risk based approach, which includes consideration of current and prior audit expenses, oversight by federal agencies and pass-through entities, and inherent risk of the program in addition to the \$300,000 expenditure threshold. The District qualifies as a low risk auditee, under the criteria specified in OMB Circular A-133, Section 530.

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
--

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- . Material weakness(es) identified?                      ☐ yes ☒ no
- . Reportable condition(s) identified  
that are not considered to be  
material weaknesses?                      ☐ yes ☒ none reported

Noncompliance material to financial  
statements noted?                      ☐ yes ☒ no

***Federal Awards***

Internal control over major programs:

- . Material weakness(es) identified?                      ☐ yes ☒ no
- . Reportable condition(s) identified  
that are not considered to be  
material weakness(es)?                      ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major  
programs:                      *Unqualified*

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133?                      ☐ yes ☒ no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program of Cluster</i>
-----------------------	---

84.010	Title I
84.357	Reading First

Dollar threshold used to distinguish  
between type A and type B programs:    \$ 300000

Auditee qualified as low-risk auditee?                      ☒ yes ☐ no



<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006**

**Section II - Financial Statement Findings**

There are no matters to be reported.

<b>WEST IRON COUNTY PUBLIC SCHOOL DISTRICT</b>
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**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2006**

**Section III - Federal Award Findings and Questioned Costs**

There are no matters to be reported.

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Education  
**West Iron County Public School District**  
601 Garfield Avenue  
Iron River, Michigan 49935

In planning and performing the audit of the financial statements of the **West Iron County Public School District**, we considered the School's internal control structure to plan the auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated August 25, 2006 on the financial statements of the **West Iron County Public School District**. We will review the status of these comments during our next audit engagement. Our comments and recommendation(s), which have been discussed with appropriate School officials, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience or to assist you in implementing the recommendation(s). Our comments are summarized as follows:

## **BUDGETARY**

### **Problem**

During the fiscal year ended June 30, 2005, the School District incurred several expenditures which were in excess of amounts appropriated.

### **Recommendation**

It was recommended that closer monitoring be done in regards to budgetary appropriations and expenditures.

### **Resolution**

During the fiscal year ended June 30, 2006, there were several expenditures which exceeded appropriated amounts.

### **Continuing Recommendation**

Closer monitoring should be done in regards to budgetary appropriations and expenditures.

## **STUDENT ACTIVITIES**

### **Problem**

In conjunction with the prior audit, it was noted that all records pertaining to the various student activities are reported and maintained by School District office personnel. Student groups generally lack the knowledge of the amount of earnings, expenditures, and year-end balances in their accounts. Therefore, there is no method to confirm transactions or balances in any group activity. Detection of clerical errors or fraud is therefore more difficult.

## **STUDENT ACTIVITIES (Continued)**

### **Recommendation**

It was recommended that each student group maintain its own set of accounting records, keeping a running total of all fund-raising revenues, expenses, and ending cash balances. At year-end, these records would be turned in to the office of the principal, where they are to be held for safe-keeping. These records should then be made available to provide an independent confirmation of activities and balances at the time of audit.

It was recommended that the signatures of group advisors be provided at year-end to confirm their agreement with these accounting records.

**Every group activity should be required to comply with this requirement, without exception.**

### **Resolution**

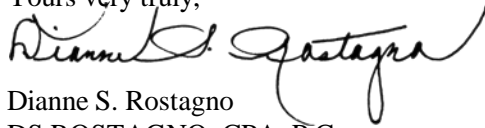
This has not been satisfactorily resolved.

### **Continuing Recommendation**

The District should strictly implement the prior recommendations.

It has been a pleasure working with the administration and staff, and we wish to express our appreciation for their cooperation and assistance during the audit engagement.

Yours very truly,

A handwritten signature in black ink, appearing to read "Dianne S. Rostagno", written in a cursive style.

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

August 25, 2006